reneral ive Iran warships sunk. says Iraq go-ahead

1rao claimed last night to have AUSTRALIA'S Cabinet gave the sunk five Iranian warships outside ··ન of the Gulf.

ships were said to have nk by the Iraqi air force and , and the other two by mines as v tried to escape. Earlier, Lloyd's of London reported that the 10,000onne Iranian cargo ship Iran Shahadat had been sunk by an Iruqi

In New York, the United Nations Security Council voted 12-0 calling n Iraq and Iran to cease hostilities. Pakistan, Malta and Nicaragua abnined, saying the council was act-ig too hastily and should have con-ited the belligerents. Page 16

Earthquake toll rises

' waths in the eastero Turkey earthquake neared 1,250 as President (Y348.25). Its trade weighting Fenan Evren toured villages in the moved from 83.5 to 83.7. In New Pasiolog district. More than 35 villages have been destroyed, but it is hoped that the total killed will be lawer than first feared, Earlier story, Page 3

Jackson to stand

The Rev Jesse Jackson, 42, the Chicago-hased black rights activist, is to seek the Democratic nomination in next year's U.S. presidential elec-

UK technology squad

'he UK Government has set up an pert squad to stem the illegal ow of militarily sensitive technolo-: to the Soviet Union. This follows implaints by the Reagan Admin-"t the allies of the U.S.

. . Lt., _py frial

Amsterdam prosecutor demanded Sbare Information Service, Pages our year's jail for Pakistani metallurgist Dr Abel Qadeer Khan when SOUTH AFRICAN Rand attempted espionage involving ura-nium enrichment technology.

S380 mark, with banks quoting a

Moroccan campaign

bout 18,000 Moroccan troops have sunched an offensive against Polisario guerillas in the western Sahara, using aircraft, tanks, and beavy artillery, Polisario said.

ligerians checked

curity police selzed the passports two Nigerian opposition politi-is who were due to fly to London tee Amnesty International offiis about party members detained we the August elections

rapped on Tahiti

...dreds of tourists were trapped our luxury hotels in Papeete on Pacific island Tahiti where king staff blockaded exits. Po-. used tear gas gainst the pro-

art thieves executed

"vo thieves who stole from a muum in the northern Chinese town crystal objects well over 2,000 years a were executed.

he right help

Amateur gardener François Santini, of Tours, France, says he has grown 688 flowers from one chryher company.

Briefly . . .

A fifth student died after political violence at the black university of Zululand.

West Berlin opened talks with East German Railways on taking over overhead railway system.

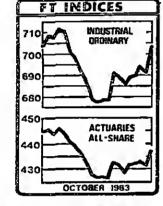
BUSINESS

Australia uranium project

go-ahead for the A\$1.7bn (\$1.5bn) development of the world's biggest uranium find, plus gold and copper deposits, in the Olympic Dam, South Australia, project. The ruling Labor Party discusses the plan on

Monday. Page 16 © DOLLAR gained ground, rising from DM 2.6215 to DM 2.63 and to FFr 8.01 (FFr 7.9925), SwFr 2.142 (SwFr 2131) and Y234 (Y232.7). Its Bank of England trade-weighted index rose from Friday's 126.2 to 126.8. In New York it closed at DM 2.644; FFr 8.04; SwFr 2.155 and

Y234.8. Page 37 O STERLING advanced in line with the dollar, closing unchanged at of juhilant supporters outside his \$1.4955 and rising to DM 3.835 (DM beadquarters early yesterday. Sr 3.9225), FFr 1f.975 (FFr 11.935), SwFr 3.2025 (SwFr 3.19) and Y350 York it closed at \$1.4935, Page 37



@ LONDON: FT Industrial Ordinery index rose 12 points to 703.1, first time since October 10 It has been over 700. Report, Page 31, FT

his trial opened. He is charged with more than 2 per cent against the spot mid-rate for the Rand of about \$0.8535, compared with \$0.874 on Friday, Pages 6, 37

GOLD fell \$3.25 in London to \$382,873. In Frankfurt it closed at \$382, and in Zurich at \$382.75. In New York the Comex November settlement was \$376.20. Page 36

WALL STREET: Dow Jones index closed up 1.72 at 1,225.20. Report, Page 27. Full share listings, Pages 28-30

TOKYO: Nikkei Dow index rose 55.23 to 9,356.79. Stock exchange index was up 3.15 at 685.51. Report.

Page 27. Leading prices, Page 30. HONG KONG: Hang Seng index closed 39.09 up at 865.22, more than a quarter higher than the 1983 low of 690 reached on October 4. Report, Page 27. Leading prices, other

O CHINA'S grain barvest will beat last year's record 353.4m tonnes, because individual farms have been allowed greater responsibility, said Vice-Premier Tian Jayun.

exchanges, Page 30.

• MCDONNELL DOUGLAS, the U.S. aerospace group, warned striking workers that a prolonged dis-pute would force it to quit the commercial aircraft husiness. Page 17 • MOTOROLA, the U.S. semicon-

ductor maker, is to spend another \$25m at East Kilbride, Scotland, or grown 688 flowers from one chry-anthemum plant. He owns a ferti-line. Page 11

NORWICH UNION, the UK life assurance group, is selling AP (for-meriy Anglo-Portuguese) Bank to Riggs National Bank of Washington for \$37.5m. Page 21

S FLEET Holdings, publisher of Britain's Daily Express and Sunday Express newspapers, is buying 20 eakfast televisioo channel.

Radical landslide buries Peronists in Argentine poll

BY ROBERT GRAHAM AND JIMMY BURNS IN BUENOS AIRES

The Radical Party, headed by Sr Raul Alfonsin, has been brought to power in Argentina in a landslide victory exceeding even their most optimistic projections.

the vote, gaining an absolute major-ity in the presidential electoral col-

lege, the Congress and Senate.
Their victory ended the virtual political monopoly during civilian rule held by the Peronists, who had won every election in which they had been allowed to stand since 1946.

The Peronists won 40 per cent of the vote in Sunday's poll and sulfered a humiliating loss in the capi-tal, Buenos Aires, and, more important, in their traditional workingclass stronghold, the province of Buenos Aires.

Alfonsin pledged to work for national reconciliation. The 58-year-old former lawyer said a priority of his administration would be social jus-tice and a respect for human rights. The vote was an outstanding personal trlumph for Sr Alfonsin, who

BY JOHN WYLES IN BRUSSELS

WEST GERMANY is expected to

propose tomorrow the most gen-

erous plan yet produced by any of

Britain's EEC partners for reducing

the UK's payments to the Commu-

nity hudget.
According to unofficial estimates.

by just over 1bn European currency

around Ecu 500m which could be

achieved under a European Com-

mission proposal and of about Ecu

600m under Denmark's scheme for

Brilish reaction at a meeting of

tion in its hudget payments. London to operate.

a so-called convergence fund.

dential elections last year when few helieved elections would be held, let alone that he stood a chance, Sr Al-

the Bonn proposals would have cut nance ministers will try to thrash

stage of the negotiations, the UK is tails and clear up some confusion

The Radicals won 52 per cent of by the sweeping endorsement given his candidature throughout the

> In the seven of the country's 24 provinces, in which the Peronists won governorships, the presidential hallot went to him.

> The last time elections were held, in 1973, the Radicals polled only 34 per cent of the vote against 61 per cent for the Peronists. This is the higgest vote obtained by the Radical Party since 1928.

The Peronists, headed by Sr ftalo Luder, were reluctant to concede defeat until the last vote was counted. The party now faces an exten-In a victory address to thousands sive post-mortem in which the right-wiog sector of union leaders. grouped round Sr Lorenzo Miguel and Sr Herminio Iglesias, might be removed.

Sr Iglesias was the Peronist candidate for the governorship of Bue-nos Alres. His defeat has been taken here as a protest vote against the strong-arm tactics he has embegan his campaign for the presiployed both to secure bis candidacy and supremacy in the trade union

The final swing to the Radicals was almost 10 per ceot more than

UK's gross domestic product.

units (\$860m) Britain's unadjusted ish budget problem and on reform tributions to the EEC budget. Sever-1982 net payments of Ecu 2.036bn. of the common agricultural policy al member states, led by Denmark

Herr Hans Tietmayer, state sec-

retary at the West German Finance

Ministry, gave an outline account of

Bonn's thinking last week to a high

level group preparing next week's

senior officials in Brussels is oever- Athens meeting. Tomorrow's docu- both a firmer control on farm theless likely to be negative. At this ment is expected to flesh out the de-

pushing for a much larger reduc- about how the proposal is designed 2.086bn last year - are excessive:

wants an arrangement which keeps in essence, it attempts to com- German plan is that it joins the En-

mit in the Greek capital.

Bonn initiative on EEC budget

them within permanent limits ex- bine in a more acceptable way all

pressed as a fixed proportion of the the cootributions so far made to the

ture prominently during next tions from one member government week's vital four-day negotiation in or another.

Athens when EEC foreign and II
It also, however, guarantees op-

out outline agreements on the Brit- ing modest curbs on Bonn's net con-

The German proposal could fea- which have run into strong objec-

the party expected. They picked up last-minute floating votes and benefited from the polarised two-party contest that virtually eliminated the minority parties. The most significant area of new support for the

Radicals is among the trade unions. The armed forces, which kept quiet throughout the campaign. would have preferred a Peronist victory. Sr Alfonsin has been outspokenly critical of the military and is determined to press for proper judicial proceedings against those ele-ments of the military responsible for the 15,000 people "missing" during the armed forces' "dirty war" against left-wing guerrillas from

Significantly, the politican who was most outspoken on buman rights during the campaign, Sr Augusto Comte of the Christian Democrats, has been elected to Congress. The Radicals have 318 of the 600 electors in the presidential electoral college. The college is not due to meet until the end of this month,

1978 to 1980.

Continued on Page 16 Allonsin profile, Page 6; Editorial

position on its own account by seek-

The West Germans, bowever.

have adopted the British argument

that they cannot be expected to al-

low an increase in the ceiling on the

EECs hudget revenues without

German transfers to Brussels - Ecu

One significant element of the

Critical ! deadlines approach on debt

By Peter Montagnon, uromarkets

ARGENTINA'S new administraattorn will have to move quickly to establish a detailed policy for dealing with the country's \$40m debt, international bankers said

Sunday's election was held against a backdrop of deepening crisis. Liquid foreign exchange reserves are thought to have failen as low as \$200m; arrears on public-sector debt interest amount to more than \$130m; and the outgoing military govern-ment has failed so far to com-plete the reschednling of some \$6bn in debt falling due this year.

Within weeks of taking office in December, the Radical Party Government of Sr Raul Alfonsin will also have to start talks with the international Monetary Fund on a new economic programme to replace the current standby arrangement that ex-pires at the end of March 1984. Next year it will also have to renegotiate an estimated \$10hn' in public-sector debt.

Public statements by the Radicals before the election suggest that their policy will be to respect rescheduling agreements already worked out by the outgoing Gov-ernment, but they will seak eas-

Continued on Page 16

ropean Commission, Britain and

France in asserting that the British

hudget hurden should be eased hy

lowering the UK's payments to Brussels rather than hy trying to

offset them through specially in-

creased Community expenditure in

But it opposes the UK's view that the size of the problem should be

measured by net contributions - the

difference between what the UK

pays and receives from the EEC.

Rather, the Germans support the

Danish approach which says that it

should be measured by the differ

ence between Britain's share of Community GDP (20.7 per cent in

Spanish row over EEC, Page 3

Tories rebuff dual key' call on missiles

BY OUR POLITICAL STAFF IN LONDON

MR MICHAEL HESELTINE, the UK Defence Secretary, insisted last night that differences between Mrs Margaret Thatcher, the British Prime Minister, and President Ronald Reagan over the invasion of naid reagan over the invasion of Grenada did not justify changing the arrangements for the imminent deployment of U.S. cruise missiles in Britain.

D 8523 B

Mr Heseltine, speaking in a House of Commons debate, refused directly to confirm or deny press re-ports that the missiles would arrive in the UK today. But he added that the transporter-erector launchers would arrive shortly.

He said the missiles would arrive separately and he would make a statement to the Commons when

they arrived. The Defence Secretary rejects demands from opposition MPs for the introduction of a "dual key" sys-tem for control of the missiles to strengthen existing arrangements. These are intended to ensure that the weapons can be fired only with the approval of the British Prime

Concern in Britain over the lack of a dual key system has risen, ac-cording to a weekend opinion poll, since President Reagan ignored Mrs Thatcher's advice against an invasion of Grenada, An overwhelming majority of those polled supported dual key control. The UK Government last week

reversed its earlier decision not to seek a Commons vote on cruise, ostensibly because of the latest mis-siles offer by President Yuri Andro-pov of the Soviet Union. But it is generally believed to bave sought the vote as a demonstration of faith in the Atlantic alliance after the U.S.-led invasion of Grenada.

Mr Denis Healey, the Labour spokesman on defence, said the insented an unanswerable argu-ment for dual key control of cruise. The U.S. had thrust aside British arguments against the use of mili- system? tary force when the threat to the U.S. was vague and distant. No Brit-deterrent would have incalculable ments for control of the missiles.

But Mr Heseltine insisted that to yield to public pressure on dual key at this late stage would demon-strate a lack of trust in an alliance that was "the bastion of our de-

1982) and its share of EEC spending (13 per cent last year). This implies He said: "If we are to impose phya budget "gap" of Ecu 1.229bn in sical control on American weapons now, with all the political undertones that implies, in order to meet U.S. seeks talks on peace force

Sir Paul Scoon, Grenada's Governor General, said yes-terday that U.S. troops should stay "as long as nec-assary." Mr Larry Speakes, White House snokesman White House spokesman, said that the U.S. wanted to discuss with Sir Paul "ideas for bringing in a peace-keeping force that would al-low U.S. forces to leave as soon as possibla." A U.S. officer on the island said that severe fighting was "prob-ably complete" but that small pockets of resistance had to be cleared. Tha Pentagon admitted that a U.S. air strike near a mental hospital in last Tuesday's invasion may have resulted in civillan casualities but it denied that these were as high as the 50 deaths re-portad. General Hudson Austin, leader of the overthrown Revolutionary Military Coun-cil, is baing held in a U.S. air-craft carrier off tha Grenadian coast "for his personal protection," the White House

said. Within the Commonwealth, the organisation's se-cretariat studied participation in a "security force" comprising-police and para-milltary forces, but Australia strongly criticised U.S. inter-·and vention it would not participate in a peace-keeping venture. Scoon 'grateful' for rescue, Page 6: Legal doubts,

British public opinion, what possi ble argument is there to American spokesman on detence, said the many vasion of the Caribbean Island pre-public opinion that they should pro-sented an unanswerable argu-vide us with the absolute freedom to use the British independent nuclear deterrent without a dual key

Page 12

ish government could any longer be consequences for the U.S., yet they satisfied with the present arrange trusted Britain absolutely he cald Mr Heseltine described the dif-

ferences between the U.S. and Britain over the invasion of Grenada as a sincere and damaging disagreement of judgment between two close allies."

Brushing aside the jeers of La-bour MPs, he stressed that the Government discussed these differences not in the language of relish

Continued on Page 16

A difference you'll notice as soon

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refreshing glass of champagne

as soon as you settle into your

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U.S. clears way for \$1.13bn five-nation engine venture

BY MICHAEL DONNE IN LONDON AND PAUL TAYLOR IN NEW YORK

nies from five nations to build a in the world engine market. venture by the U.S. Justice Department under anti-trust laws.

The participating companies will be Pratt & Whitney of the U.S. and Rolls-Royce of the UK, each with 30 per cent; Japanese Aero-Engine Corporation (JAEC) (comprising Ishikawajima-Harima Heavy Industries, Kawasaki Heavy Industries and Mitsuhishi Heavy Industries), with a 19.9 per cent stake; Motoren-und-Turbinen-Union (MTU) of West Germany

with 12.1 per cent, and Fiat Aviaz-ione of Italy with 8 per cent. The new engine, with a thrust of 23,000 lh, will be aimed at the new generation of 150-seat airliners, including the projected European Air-hus A-320, the Boeing 7 Dash 7 and the McDonnell Douglas MD-3300.

Its rival will be the French-American (Specma-General Electric) CFM-56-4, now under development. ment's clearance of the V-2500 ven-

THE \$1.13hn plan for seven compa- ture is toat it increases competition £113m from internal resources. But

of Pratt & Whitney), and its engi- itself. neering bese at Derby, England. Sir William Duncan stressed yes.

The first chairman will be Mr terday that the V-2500 was aimed at Raiph Robins, director of Rolls- the widest possible market, al-

Royce's commercial engine divi-sion. The president and chief execu-be a prime sales target. tive will be Mr Robert E. Rosati, senior vice-president of Pratt & Whitney. There will be 13 board mem-Rnyce, Pratt & Whitney and JAEC, and two each from MTU and Fiat.

ture will be about £226m (\$336.7m) in non-recurring development costs. spread over about seven years - up to a point three years after engine certification early in 1988. The UK Government is being

Rolls-Royce will find the nther

Rolls-Royce's share of the ven-

bers, three each coming from Rolls-Rnyce, Pratt & Whitney and JAEC, be aiming at about 80 per cent of

asked to provide about half, or some £113m, in launching aid, repayable with interest out of the proceeds of engine sales.

Sir William Duncan, Rolls-Royce new civil zero-engine, the V-2500, is The new company which will run chairman, while expressing configoing ahead after clearance for the the venture; international Aero Endergo that the UK Government gines, will be incorporated in Swit- would agree to the launch aid, indizerland. Its headquarters will be in cated yesterday that if it did not. East Hartford. Connecticut (home Rolls-Royce would find the money

> though the European A-320 would The overall world market for engines of the V-2500 type is put at about 5,000 up to the end of this

that, or more than 3,000 engines. The value of that market is estimated at more than £10hn, but is likely to be much more if spares are Mr Robert Carlson, president of

United Technologies, parent of Pratt & Whitney, said in New York yesterday: "The Justice Department Continued on Page 16

Airbus exports, Page 10; McDonnell Douglas results, Page 17

AIR FRANCE LE CLUB: OUR NEW IDEAS MAKE THE DIFFERENCE.



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Creditanstalt's Editorial comment: Argen-'house-cleaning' sale 4 tina; cruise missiles 14 Law: broker's duty of care to Lex: Hong Kong; London reinsurers 12 equities; AP Bank 16 Spain: brighter prospects for Corporate Finance aluminium industry 17 Survey Section IV

olways in a class of your own. There's even a first class bagggge allowance... And Air France Le Club hes a anique bar/magasite articul wardrabe. It's a focal point that gives you the fleedom to pouryour own don't and relax with fellow passengers. Air France Le Club has grown from a need to give business travellers a little more on Air France langer flights all around

the world. A special service that perfectly complements the sheer many of Air France Premiers and, of course, our famous

AIR FRANCE MI WERE AIMING EVEN HIGHED

lesty extended in empt to avoid Polish political trials

be gained from clearing the prisons of political offendera thae from stepping up political trials and helping the hanned Solidsrity movemeet's cause

with new martyrs. Arrests, trials and continuing imprisonment of Solidsrity leaders are seen as providing the movement with grounds for protests, as well as supplying constant points of confilet with

constant points of conflict with the Roman Catholic Church.
These are the coeclusions to be drawn from the publicly repeated statement by Mr Jerzy Urbae, the government spokeman, that political prisoners would be allowed to emigrate, and that procedures are being and that procedures are being iestituted to extend the amnesty for the Solidarity underground which expired formally yester-

day.
Since July 22, whee the
amnesty came into force, some
540 people bave reported to the 540 people bave reported to the police aed declared their willingeess to drop clandestine activities. But the maie prize, the Solldarity undergroued leadership, or TKK, has eluded the Government. Also the 70 or so political prisoners already or so political prisoners already seetenced, as well as promieent dissideets swaitieg trial, have so far shown no sign of waeting to emigrate to the West.

Mr Urhae as much as admitted that he did eot expect the Coveromeet's offer to be taken up and the chaeces are that the authorities will have to go ahesd with politically damaging trials.

Men like Mr Jacek Kuron, leader of the KOB dissideet

leader of the KOR dissideet group and top adviser to Solidsrity in its beyday, are deter-mined to hold out for freedom on their own terms and risk being seetenced in the bope that another amnesty, or falling that another crisis, will free in the not-too-distant



Mr Kuron: freedom on his

trials into an impassiceed condemnation of the Government which put them into the dock a development the authorities

are known to be loth to con-template.

The KOR trial, which could start before Christmas, will re-awaken memories of the Soli-darity period, just ss the authorities are trying to dampen them down. Worse still, the Government has found itself saddled with the trial at tension saddled with the trial as tension in the country is bound to rise with the expected letroduction of new higher food prices in

Janusry.

The trial will also arouse a flood of protest in the West, just as the Polish Government is keen to repsir its image there. Rationing of hutter, margsrine and other fats is to be re-introduced today after five moeths of unrestricted supplies.
Adults in urban areas are to
receive 500 gms of butter a
month in a move the authorities say has been caused by
seasonal falls in milk supplies. More importantly, they are and a sharp increase in butter quite capable of turning their purchases last month,

Shorter hours in Hungary

Government has ruled that and ensure that the reform some factories can cut their does not reduce production, employees' working week to 40 Most Hungarians now work hours, the official MTI news agency said yesterday. Factory mainly because of overtime and

BUDAPEST. - Hungary's apply to the Iedustry Ministry

East block premiers' meeting underlines the difficulties of living with a giant writes Leslie Colitt

Comecon's marriage of unequals

THE ANNUAL conference of Comecon prime ministers held recently in East Berlin has underscored the economic dilemma of the six small East European countries which must coexist with their giant Soviet partner.

Europeans Invest more heavily Bilateral Comecon projects are not much easier to achieve. Czechoslovakia and Hungary sgreed some time ago on a dam to be built jointly on the Czecho-coexist with their giant Soviet partner.

Mr Nikolai Tikhonov, the Soviet Premier, bluntly remieded the East Europeans— who depend oe the Soviet Unioe for nearly 90 per ceet Unioe for nearly 90 per ceet of raw materials aed energy—of the ueequal relationship. Their coetinued delivery, be said, depended on the other Comecon members supplying the "necessary products for the Soviet ecoeomy." The remark was dropped from the East German news agency report but was included by the Soviet agency Tass.

He meant that Eastern Europe cae only couet oe the oil, gas and raw materials it eeeds if it sells high quality goods to the Soviet Union. This includes Eastern Europe's most advanced machieery equipped with Western electronics, as well as meat, fodder and foodstuffs which, however, it must also sell to the West to pay off its debts. A small, but growieg, proportion of these goods are now delivered to Moscow for dollars, a practice the Russians are anxious to phase out. The Soviet Union has said

repeatedly that there can he no

stable supplies of energy and raw materials unless the East

EUROPEAN CUSTOMERS for the Soviet Union's Urals crude EUROPEAN CUSTOMERS for the Soviet Union's Urals crude oil said Moscow was resisting strong pressure for a cut in contract prices. Reuter reports from Amsterdam. Coetract bolders have still received no eotification of any price change for November and are working on the assumption that the price will remain at \$29.50 to \$29.60 a harrel cif Mediterranean or North-west Enrope for the time bieng. On the free, eou-contract spot market, bowever, Urals sellers cannot dispose of cargoes mech above \$29, and only prompt business is being coecluded.

coecluded.
Several large Urals customers are understood to have lifted no Soviet oil last month, and are unlikely to do so in November If coetract prices stay well above spot levels. Soviet resistance may be based on the chance that international tensions, especially in the Middle East, could lead to a recovery in depressed crude oil spot prices. If that does not happen in the next week or two, a mid-month price cut of around 25 cents a barrel is likely. The current price has been in force since

to quantify "precisely" its own deliveries to Eastern Europe as early as possible."

The Comecon meeting agreed to establish another joint invest-ment project in the Soviet Union—an iron minieg and processing complex at Krivoi Rog. Several small East Euro-pean members objected, sayleg they did not have the money, and besides there were no trade deliveries in the future.

Soviet Unioe, In turo, will have slovakia committed funds and resources for the project, Hungary bad second thoughts. A few weeks ago Mr György Minister, signed a document in Prague officially delaying completion until 1994. It is little wonder that the Comecon couetries coestantly warn that ecoeomic damage is far more widespread from delayed joint

projects than from postponed national ones. The East Berlin conference dropped-may now be paying

Bilateral Comecon projects agreed on intensified measures are not much easier to achieve to boost Comecon's agricultural outpet, the group's Achilles; heel. Mr Filipov suggested that, this time, joint investments should be carried out in agricultural production and the food industry—of obvious benefit to Rulearia.

The Hugarians prefer the bilsteral approach. They bave agreed to establish an experiagreed to establish an experimental maize farm in the Ukraine under the condition that Hungarian and not Soviet experts run the farm which will be hased on a well-tested Hungarian adaptatioe of U.S., farm technology. The Hungarians say they could even hoost Soviet meat production equivalect to consumption of an extra 1 kg per capita annually if given a free hand but the price would have hand hut the price would have to be right.

to be right.

Several East European countries did in fact win a victory of sorts in East Berlin when the Soviet Union agreed that prices for Agricultural exports within Comecon—mainly by Bulgarla, Hungary and Romania—are to be raised. This will be the fact be raised. This will be the first price increase for farm products traded in Comecon for 10 years.

During the same period prices for Soviet oil supplied to Eas-tern Europe have soared to the point where East Germany using a three-year sliding average of world prices instead of the five-year average which Moscow is believed to have

The dilemma is compounded as the East Europeans are unable to buy cheaper Western oil with their non-convertible currencies. Poland and Hungary have given up proposing to Comecon that the transferable rouble, Comecon's trading cur-

rouble, Comecon's trading cur-rency, be made at least partially convertible. Most East Euro-pean economists argue that Comecoe's goals of economic integration and specialisation are illusory without what the Czechoslovak economist Petr Chvojka calls a "supranational" currency for Comecon currency for Comecon.

Mr Resto Nyers, the father of Hungary's economic reform, points out that, in most Comecon countries, the internal economic system not only fails economic system not only fails to promote Comecon specialis-ation and co-operation but actually discourages it by denying the "initiative and independent" activity of com-panies. Internal prices deviate from both international and Comecon trading prices, while production is separated from foreign trade.

a mechanism to make com-panies "outward looking," and adds that the other Comeon members cannot be expected to change their economic systems markedly, although they will "modify them" from time to

In East Berlin, the Comecon beld before late next year

field and called for a more just international economic order. for developing countries, But those Third World countries who attended the conference had more concrete goals in mind.

Nicaragua's observer, atter Nicaragua's observer, after, ing a Comeon meeting for the first time, appealed to the organisation to grant his courty "urgently-needed credit in order to prevent the Sandinista revolution from being "smothered for lack of solidarity." The head of the Ethiopian delegation said his country would need \$7.2bn in aid for its would need \$7.2bn in aid for its 10-year plan and would appreciate comments on "co-ordinated aid for socialist Ethiopia." None

was forthcoming. Angola's representative said the developing countries parti-cularly wanted access to the special credit fund for supporting Third World countries which Comecon's international investment bank already maintains.

At the close of the conference

Mr Tichonov remarked, mor Only Hungary, he claims, has passing than out of great mechanism to make com-viction, that there would forthcoming consultation Communist party leaders—...
longdelayed Comecon summit.
In the light of Comecon's immense problems, knowledgeable
East Europeans said they would
be surprised if the summit was
hold before late part year.

over foreign currency futures

Swiss caution

By John Wicks In Zurich THE SWISS National Bank

would intervene on the foreign-exchange futures market only "with cantion," according to Dr Markus Lusser the general manager. Speaking to dealers in Locarno, he expressed doubts ventions would be any more effective than those on the spot market. The bank wel-comed the use of fptures and options to improve the cover-age of currency risks bet stressed the importance of adequate margins and capital

resources.

Dr Lusser said the bank did not intend to license foreign exchange dealers " at least for the time being."

Andropov falls short of 'last ditch' missiles proposal

BY ANTHONY ROBINSON

ing position st the Geneva intermediate nuclear force (INF) negotiations have been overshadowed by the twin crises of Lehanon and Grenada. Even so, the proposals, out-lined in an interview with Pravda on October 27, remain much more limited in scope than the serious "last ditch offer" to try to bead off immi-nent Nato deployment of cruise aed Pershing missiles which Western disarmament specialists and diplomats expected him to make in person at Sofia last

Mr Andropov has not been in public since mid-st. Cancellation of his sion over the weekend that he gards deployment as inevitable the medium range missile

PRESIDENT Yuri Andropov's has been suffering from a latest proposals for limited "cold" confirm doubts about changes in the Soviet negotiat- his health. Evee without this complicating factor, bowever, there are no signs that the collective military and political leadership of the Soviet Union has been prepared to abandon its insistence that Nato should give up its plans to deploy new misslies in return for limited

> Indeed, the Soviet leader hardened Moscow's stance by stating at the end of bis interview that "the appearance of new American missiles in Western Europe will make it impossible to continue the talks in Geeeva."

Soviet concessions

The actual walk-ont of the Soviet delegation has not yet happened. But the clearest sign trip to Sofia and the rare admis- that the Soviet Union now re-

Seen against this background, the concessions announced in and have been interpreted by U.S. and other Nato leaders, as interesting but marginal. In the first place, Mr Andro-

pov offered to reduce from 162 to 140, the number of triple-warbead SS-20 missiles it tar-gets on Western Europe if Nata does not deploy any new mis-siles. That 162 figure is equi-valent to the number of British and French strategic forces. According to the President, that would leave the Soviet Union with "appreciably fewer than

came with the recent statement by the Ministry of Defence that preparations had started for the deployment of new short-to-medium range missiles in East Germany and Czechoslovakia.

Saon eminet this heaviernment launchers possessed by Britain and France.

But this would still leave the Soviet Union with 420 warheads, considerably more than those believed to be deployed by the existing. British and France. existing British and French strategic nuclear forces. Neither

country officially confirms the

eumber of its warheads, but Britain is believed to bave 192, made up of three non-independ-ently targetted warheads on each of the 64 submarine-based Polaris missiles, while France is believed to have nearly 100 single warhead missiles on its land and submarine-based forces.

Leaving numbers aside, however, the main objection to the Andropov proposals remains British, French and Nato refusal to accept the counting of these forces in INF totals.

Mr Andropov also took (
stage further his earlier r
posal to destroy any SS-2 negotiated away at Genevia
rather than re-deploy them in
Asla. Now, he has offered to
freeze further SS-20 Geployments in Asia. "from the moment" an agreement was reached on the limitation of nuclear arms in Europe.

This implies, however, that the Soviet Union considers itself free to increase such deployments until that time

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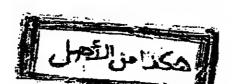
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Bank of Italy casts doubt on planned cut in borrowing

BY JAMES BUXTON IN ROME

publicly cast doubt on whether means of an amnesty the Government's recently announced hudget will meet its offenders against building objective of sharply reducing regulations, has already been rejected outright, though it is requirement (PSBR).

The budget, announced by the Government of Sig Bettino Craxi. at the end of September, nims to cut the deficit by about L40,000hn (£17bn) by means of extra taxes and reduced spending. The aun is to achieve a public sector borrowing requirement of 190,000bn, or 15 per cent of cross domestic product,

It is part of an economic policy which aims at achieving an average inflation rate for 1984 of 10 per cent, and also entails an incomes policy.

the hudget has just hard groups have in the past few to be considered by Perliament, and a major provision in it, for wage contracts,

THE BANK of Italy yesterday the raising of L9,000bm by excharge for a fine

The Bulletin echoed the recent warning by Dr Carlo Azeglio Ciampi, the Governor of the bank, that if Italy did not seize the present chance to bring down inflation, the economy would not be able to expand and participate in the world economic recovery

world economic recovery.

The annual inflation rate in October was 13.3 per cent, the third month in which it has been less than 14 per cent but prices rose 1.7 per cent during the month compared with September, the highest monthly increase this year, thanks in part to a sbarp rise in rents, and the average inflation rate the central bank says in its new Economic Bulletin, the first of which was published yesterday, that the provisions of the budget, "do not seem capable in the sbort term of bringing about such huge reductions in the PSBR as those indicated."

It also said that delays in introducing the promised incomes policy "which constitutes the supposed basis of the whole action, risk compromising its chaoces of success."

increase this year, thanks in part to a sbarp rise in rents, and the average inflation rate for this year is still 15.6 per cent. This compares with the target for 1983 of 13 per cent. The Bank of Italy Bulletin says that the gross income of many groupa of workers will this year, thanks in part to a sbarp rise in rents, and the average inflation rate for this year is still 15.6 per cent. This compares with the target for 1983 of 13 per cent. The Bank of Italy Bulletin says that the gross income of many groupa of workers will this year is still 15.6 per cent. This compares with the target for 1983 of 13 per cent. The Bank of Italy Bulletin says that the gross income of many groupa of workers will the official ceiling of 13 per cent. This includes state employees, as well as workers in the engineering, textile, of the compared industry. All the average inflation rate for this year is shill 15.6 per cent. This compares with the target for 1983 of 13 per cent. The Bank of Italy Bulletin says that the gross income of many groupa of workers will this year, thanks in part to a sbarp rise in rents, and the average inflation rate for this year is shill 15.6 per cent. The Bank of Italy Bulletin says that the gross income of many groupa of workers will this year.

Death toll nears 1,000

in Turkish earthquake BY OUR ANKARA CORRESPONDENT

THE DEATH toil in the struck, and part of western Turkish earthquake neared Turkey near Balikesir are 1,000 yesterday as President Kenan Evren toured villages in the Pasinler district, 550 miles east of Ankara,

Although 70 villages are because of housing methods are not methods of housing methods

east of Ankara.
Although 70 villages are believed to have been affected and at least half that number are completely razed, many in-The majority of the dead were women and children who were still in their beds when the earthquake struck at 7.15 on

Sunday morning.

This is the country's first scrious carthquake since the Muradiye disaster in 1976, but it has reminded Turks of the uncomfortable fact that the 1200 miles of their country spans a large geological fault. More than 70,000 lives have been lost in earthquakes this

The region around Erzerum, area around the Taurus moun-where Sunday's earthquake tains and the port of Mersin.

primitive methods of housing still in use there. Most peasants live in mud-brick houses which cave in under the shock of a quake. On Sunday, concrete modern buildings such as government offices, continued to stand when homes around them

had collapsed.

The expansion of large industrial ventures in Turkey, how-ever, has brought with it fears of possible catastrophies if they are ever hit by an earthquake,
Most alarming of all is the
possibility that the 1,250 MW
nuclear power plant planned
for Akkuyu on the Mediterranean coast might lie uncom-fortably close to a high risk

servants join pay cut protest

By Walter Ellis in Amsterdam

openly about the Govern-ment's planned 2.5 per cent cut in their pay and welfare

as the civil servants oppose the government's measures out of what their union calls "bitter necessity." Govern-ment ministers in The Hague have angered their staffs by suggesting that they want to enjoy continued presperity at the expense of those on social security. Such a comment, according to Mr Piet de Jong. chairman of the Central Federation of Government

rule for the past week. as bave post office and tele-communications employees. Transport is unreliable, and industry and commerce are increasingly resorting to their own methods of delivering

mail.

If there is no progress between the Government and the unions by the middle of this week, public sector workers in the port of Rotterdam have threatened iodustrial action. Closure of the world's largest harbour by the action of customs offi-cials, radar operators, eargo inspectors, pilots and others would be a major blow to Dutch trade and would create difficulties between the Netherlands and West Germany in particular, which uses Rotterdam as one of its major trade onilets.

For the Dutch Government, the build-up of opposition to its proposals presents a major problem. It argues that its programme of economic austerity and wage restraint was clearly set out in the manifestos of the Christian Democrat and Liberal parties on which the two parties successfully fought the 1982 general election. It was also set out in the coalition pro-

gramme
The unions retort that they growth and not actual reduc-tions in income.

Dutch civil

DUTCH CIVIL servants yesterday joined other public sector workers in protesting

Officials up and down the country halted work for short periods during the day and held protest meetings in the streets. In Utrecht, council workers used fire engines, buses and other vehicles to block all access to the centre

of the city.
Other actions are planned Emnloyees (CFO) crossed the border into had taste. Rail workers and bus drivers have been working to

have always opposed ansterity and that, in any case, restraint implies modest

Recovery in French exports helps lift outlook for growth

BY DAVID HOUSEGO IN PARIS

FRENCH ECONOMIC growth will be virtually stagnant this stronger year and next, but the economy covery of will not dip into recession, according to the main private

forecasting institutes.

The institutes, which have just revised their figures, paint broadly the same picture of an economy in which the current account deficit is behaving more rapidly than expected, inflation is staying significantly above the Government's targets, fixed capital investment is likely to fall further and memployment is continuing to

They assume that there will be a realignment within the European monetary system early next year to take account of the difference between infla-tion rates in France and West Germany.

BIPE which until recently

predicted a marginally negative erowth this year (-0.1 per cent in real terms) now estimates that there will be a 0.1 per cent growth in real GNP this

edeung Wetch Company SiA

ជាអំណាត់បាន ដែលជា

than expected recovery of French exports in payments BIPE sees only a recent months which has further small shrinkage in the helped sustain industrial production and reduce the trade gap. The recovery of exports in turn reflects the impact of past depreciations of the franc and a change of gear by which year. household consumption is being depressed at a time when world demand is picking up.
This year's marginal growth
of 0.1 per cent, says BIPE, will

increase slightly next year to 0.4 per cent. This compares with 1.2 per cent growth in 1984 expected by Ipecode, which is the most optimistic in its forecasts, and 0.7 per cent by OFCE. The Government's by OFCE. The Government's own estimate is that France will achieve close to 1 per cent growth in 1984 at a time when the OECD expects Europe to achieve 1.5 per cent.

The institutes all believe France will increase its share of twolld expect markets per term.

world export markets next year, with a volume growth in ex-ports of between 3.4 and 5.4 per cent. The cootinuing ex-

year to FFr 15bn next year year, compared with about 2m with the improvement in the now.

The revision reflects the trade deficit being partly offset tronger than expected re- by an increase in debt service

After last year's 9.7 per cent year-on-year rise in consumer prices, BIPE forsees 9.3 per cent for this year and 6.8 per cent next year. The Government's original targets were to bring inflation down to 8 per cent next year. cent this year and 5 per cent in 1984. Ipecode, however fore-casts 5.6 per cent for next year, while Data Resources says that inflation will only come down

to 7.5 per cent A worrying aspect for the Government is the institutes' unanimity about a continuing decline in investment over the two years at a time when gross fixed capital formation in West Germany and Britain will be increasing. This decline is in spite of increased public sector

per cent. The cootinuing export recovery is seen accompanied by a sbarp fall in imports this year (between -0.9 and -2.4 per cent in total fixed investment this year volume) and only a marginal increase next year.

OFCE believes that the current account deficit will fall from FFr 60bn (15bn) this year to FFr 15bn part year.



Spain's Socialists fall out with French party

BY DAVID WHITE IN MADRID

RELATIONS between Freech and Spanish Sociaists have reached a low ehb amid mounting frustration in Spain about the failure to resolve European Community entry negotiations.

The Spanish Socialist Party's five-member delegation walked out of the closing session of the French party's congress at Bourgen Bresse on Sunday after an unsuccessful bid to change the text of the resolution con-cerning EEC enlargement.

The gesture, which was welcomed by opposition members in Madrid, comes after a year of attempts by the Spanish Socialist Government to capitalise on the long association between the two parties.

While it was a clandestine while it was a clandestine zalez, the current Prime Minisorganisation during the Franco
regime, the Spanish Socialist Socialist Party. Its election campaign last
party had offices provided for year, while more moderale in to Toulouse by its Freoch
counterparts, and it was at a the style and presentation of description.

After their victory last EEC once the Community had october, Spanish Socialists hoped to the Spanish Socialists of solved its own internal crisis.

The party accuses the Freoch from Paris, following the stance taken by President Ciscard tracks after two sessions of destaing from 1980 onwards full-scale government-to-governorganisation during the Franco regime, the Spanish Socialist Party had offices provided for it in Toulouse by its Freech

A MORE direct chain of command, between the Spanish civilian anthorities and the armed forces is to he set up under a Bill table by the Government, writes David White. The unexpectedly timed proposals strengthen the Prime Minister's brief in the running of defence policy as well as the role of the Minister of Defence.

They ceotre on the creation of a new post of Chlef of Defeoce Staff at the ministry. The present top military command body, the Joint Chiefs of Staff, will see its function reduced to that of an advisory council.

The former deputy bead of the Joint Chiefs of Staff, General Alfonso Armada, was sentenced six months ago to 20 years in jail

in appeal coort hearings for the attempted military coup of February 1981. The new law aims to reduce the military's autonomy and bring it under closer government control. Up to now, the Prime Minister

"directs and co-ordinates government action in defence matters." Under the law, he "assumes the full direction of defence policy" and has authority to "command, direct and co-ordinate" the armed forces. The King retains his function as Supreme Commander of the Spanish armed forces.

The Bill will also make way for a restructuring of Spain's regional commands, due to be reduced from nine to six as part of an overall plan to develop a trimmer and more professional defence force.

ment talks in January and July this year.

The French party resolution confirmed positions adopted five years before on the pre-conditions for enlargement, placing emphasis on reform of Com-

munity farm policy. Madrid is trying to step up pressure on the French Socialists as France prepares for its six-months stint in the EEC chair at the New Year.

The row comes after renewed protests in Spain about attacks by French farmers on lorries loaded with Spanish farm produce and about France's atti-tude towards Basque terrorists. congress in France—at Suresnes President Francois Mitterrand's to the effect that Spain and Increased French collaboration in 1974—that Sr Felipe Gon in 1981.

Portugal could only join the against the Eta separatist EEC once the Community had organisation north of the border against the Eta separatist organisation north of the border has been overshadowed by an incident two weeks ago to which four Spanish policemen were arrested in Hendaye, in the French Basque country

Danish minister fails to win Soviet concessions

BY HILARY BARNES IN COPENHAGEN

THE DANISH Foreign Minister, Mr Uffe Elleman-Jensen, failed to extract any concesaions on the intermediate nuclear force talks in Geneva when be met his Soviet counter-part. Mr Andrei Gromyko, in

Moscow yesterday.

Danish radio reported from the Soviet capital that Mr Gromyko indicated that the Soviet Union saw no possi-hility of extending the talks beyond the November 15 dead-Mr Elleman-Jensen is the first

Mr Elleman-Jensen is the ma-Nato foreign minister to visit Moscow sioce the Korean air-liner was shot-down in September. The invitation, made at the beginning of October, came as a complete surprise to the Danes.

According to one report, the Daoish minister urged the Soviet Union to try to arrange a summit meeting between President Ronald Reagan and President Yuri Andropov. But it is understood that the

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Sweden and Denmark end dispute over oil drilling

BY DAVID BROWN IN STOCKHOLM

SWEDEN AND Denmark have initialled an agreement to establish a firm border line on the continental shelf dividing them, thus ending a four-year disagreement which erupted into a dispute over oil drilling rights this summer. A temporary solution has also created a border and set out fishing rights in the disputed Boltic areas of Oresund and severed Boltic areas of Oresund and around the island of Bornmain subject of the talks which this summer. A temporary solulasted for several hours was tion has also created a borner the Geneva missile negotiations.

The Danish minister said that disputed Baltic areas of Oresund

> The new agreement creates other disputed area in the an equidistant horder with an eastern Baltic. THE UNIVERSITY OF JORD

SWEDEN AND Denmark have interruption to give Denmark

The Danish minister said that Presideot Reagan's initiative in September demonstrated that the U.S. was showing considerable flexibility and had gone some way toward meeting Soviet objections.

He told Mr Gromyko that it was now the turn of the Soviet Union to make a positive and constructive initiative if the Geneva talks were to be a success,

The drilling dispute arose disputed arose when the Danish Government granted exploration rights to a private company in a disputed a sweet of the Kattegatt last sweet of the Soviet Union to make a positive and constructive initiative if the Soviet Union to make a positive and constructive initiative if the Soviet Union to make a positive and constructive initiative if the Soviet Union to make a positive and constructive initiative if the Soviet Union to make a positive and constructive initiative if the Soviet Union over another disputed area in the success,

Flick affair investigation completed

BONN—The Bonn Prosecutor yesterday closed his investiga-tion of the so-called Flick affair tovolving leading West German politicians and asked superiors in Cologne for a recommenda-tion on whether charges should

he filed.
The Bonn Prosecutor turned over the massive files on the 18-month investigation to the Cologne District Prosecutor, a spokesman, Herr Johannes

Vilnelm, said. He refused to say whether the Boun office favours filing charges against politicians in the tax evasion and bribery investigation involving the Dusseldorf based Friedrich Fick concern.

It is likely to take until at least until the second half of November before the evidence is reviewed in Colorne-

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Creditanstalt's 'house-cleaning' sale

By W. L. Luetkens

FOR SALE: 2 group of about 40 manufacturing and service industry companies, some industry 46,000 proverbially conscientious Austrian workers; producing about 9 per cent of Austrian industrial output and 12 per ceot of the country's fodustrial exports. Offers to Dr Hannes Androsch, Director-General, Creditanstalt - Bank-

Io the bank's books, the motiey group of con-bank affiliates, mainly in manufacturing industry, is valued at between Sch 6bn and Sch 7bo (about £215m and £250m), or between 2 per cent and 2.5 per cent of the bank's total assets.

Anyone prepared to pay the book value can have them "tied up with pink ribboo," says Dr Androsch.

No doubt the remark was made tongue-in-cheek during an interview. But equally without doubt Dr Androsch is serious in his interview of the loss makers in his motley group by selling off, by streaming and if all else fails by lintog and, if all else fails, by closures. He has signalled to the government that if it resists

"Tied up with pink ribbon" for their book value

closures, then he expects the public purse to pay up.

Though many of his non-bank holdings are well enough to pay a dividend, as a whole they are in heavy loss, and have become an embarrassment to Credit-anstalt - Bankverein (CA), Austria's biggest bank.

CA reckons that since 1970 the "concern" (as the non-bank holdings are called), has cost the bank some Sch 7hn which had to be met largely from the bank's operating profits and, to a lesser extent, from internal reserves. A ootional calculation suggests that this is the equivalent of Sch 4.5bo foregone in profits after tax.

to add that the difficulties ex-perienced in the group pail by the side of those in the staleowned sector of the OeIAG holding company, which has asked for public assistance of Sch 16bn.

Dr Androsch, too, wants state money. In fact, he argues that, in one way or another, the state has already repaired the damage done last year by the "concern" companies. The major terms warre Sch 600m in reitems were Sch 600m in re-structuring aid for Semperit, the Austriao tyre company in which CA has a stake of over 90 per cent; and a capital increase for the bank likely yielding Sch 450m of which the stale, as CA's majority share-holder, subscribed almost

Aid of this nature witl have to cootinue to project the bank's capital ratios and standing. That is the real reason why the bank uttered a warning cry this snumer that it would no longer draw on internal reserves to the same extent as hitherto so support its "concern": to some extent it is a game of chicken with CA's chief sbarebolder.

There is some reason to believe that Dr Androsch's drastic tactics bave begun to work. When last year's capital increase was agreed with the government, further rights issues were envisaged for 1984 and 1985. Agreement appears to be close, at least on the first of the two capital increases. Further official assistance for Semperit has been agreed in principle. All that remains, Dr Androsch says, is for the Finance Minister, Dr Herbert Salcher, to press the button.

At the same time the CA management has been tighten-ing up its "concern." A number of minor disposals have been made. More are intended. Inquiries have been received for a loss-making glass company; two Austrian interests are competing for the country's largest department store concert. Gerngross (sales last year Sch 2.6bn), which CA controls.

The number of people employed in the concern companies has been reduced by Of the Sch 7bn, no less than almost 10 per reduced by Strings when help was account. Sch 1.6bn was incurred last about 46,000. Rationalisation ment has acquired a reputation year. That, Dr Androsch says, reflects the economic difficulties of the times. But he is quick drawn up. Politically this is an says candidly that the object is



Dr Herbert Salcher,

Dr Hannes Andres

He does not believe a bank should be involved deeply in running non-bank business

times, and especially so in a country which has long prided itself oo having low memploy-ment. Overmanning has often been accepted in the past as the price of keeping unemploy-

Dr Androsch will therefore have to tread carefully and avoid closures where he can.
His difficulty is aggravated by
regional considerations. Some
of the trouble spots of his
concern are in Styria where the
decay of mature industries has

caused grave local difficultles (bul also loosened public purse strings when help was needed).

awkward matter at the best of to cut his losses by a policy times, and especially so in a pragmatic but severe. Talking to him one gets the feeling that he does not really believe that in our times a bank should be involved deeply in running non-bank business. It ought to be done at the "longest possible arm's length." But be also adds: "we cannot be also adds: "we cannot be also adds: "we cannot be also adds."

out be also adds: "we cannot cut loose from our history even though we are trying as far as possible to dispose of these things." That is not the traditional attitude among Austrian bankers. For historic reasons they, like their Swiss and German colleagues, have long had a finger in the industrial ple. In the late 19th century, when Austria began to indus-trialise, banks provided the risk capital and collared the financial

sbaky enterprises. After the Second World War they shared directly in the rapid expansion of Austrian industry.

Affiliate companies captive clients for loan business and an assured income from dividends and interest. That is what has come unstuck in roles what has come unstuck in roles casino winnings: a useful wind-cases interest has had to be casino winnings: a useful wind-fall, not something a well-ordered household sught to depend on.

Semperit suffered an operational state of the case of the Affiliate companies provided aptive clients for loan business

wounded are Semperit and Steyr-Daimler-Puch, a maker of lorries, tractors, mopeds, bi-cycles and related products, as well as of arms. By chance they are the two members of the concern best known outside Austria. New strategies have been worked out for both.

Steyr-Daimler-Puch, with a turnover of Sch16bn last year and an operating loss of Sch 750m, has been hit by the decline of the Western European bicycle and moped induction by all models at an an entire of the second sec industry; by difficulties at an assembly plant in financially-pinched Nigeria; and by the sudden refusal in 1990 of an export liceoce to sell Kuerassler light armoured vehicles to Chile. The refusal has not made it easier to clinch arms sales elsewhere in the world. About 150 finished Kuerassier tanks are standing around unsold.

Steyr's more fundamental problem is that the Austrian home market is small. Austrian industry has duty-free access to the EEC as well as Switzerland, Sweden, Norway and the other EFTA states. But it is too late to build up a distribution system for say, Steyr trucks, matching those of its estab-lished bigger competitors. Steyr's scope for economies of scale thus is narrow.

To overcome this disability, Steyr has sought co-operation with others. It has developed an expertise with four-wheel drive vehicles which it has applied both with Fiat as a partner (in the four-wheel drive Panda) and with Mercedes in the Puch cross-country car marketed elsewhere as the Mercedes G. It is hard to see how Steyr

business of the companies they helped to launch. During the in marketing or research co1920s and especially the Great Recession, they rescued many shaky enterprises. After the come from arms sales, if not come from ar from abroad, then at home though the Austrian budget is tight and military spending sma's Dr Androsch would like Steyr eventually to end its dependence upon the arms trade. Earnings from that

> Semperit suffered an operat-ing loss of Sch330m io 1982 on turnover of about Sch6bn. The troubles it shares with the rest of the European tyre industry are aggravated by the smallness of the Austrian home market CA has made clear that only the public purse can provide the money needed to restructure and rationalise Semperit. If carried through that win cost an estimated Sch2bn in the

next three years. The thrust of these restructuring plans is to concentrate on the production of specialised tyres, for instance those for

Earnings from arms sales should be "like casino winnings"

use in snow and ice. Carried to its conclusion, that means Semperit will oeed a partner to enable it to continue supplying all varieties of tyre to the mass market under its own brand, A previous attempt at co-opera-tion with Kleber-Colombes, of France, ended in failure.

There are other, though smaller, crisis areas in the CA concern. But there are success stories, too: Jenbacher Werke, an engineering company, is in profit; so are most of the chemical and plastics companies in the group. So also is Univer-sale, a construction company, and Wertheim, maker of lifts and escalators, and the

But these stories still do not eliminate the need for what Dr Androsch calls a housecleaning operation that is going to take

PLANNED EFFICIENCY AND ECONOMY IN THE USE OF ELECTRICITY.

Heat pumps, keeping shops cool...

Successful shops always mean rrowds and, without the right enrironmental control system, crowds mean heat and discomfort. At Top Shop in St. David's shopping centre. Cardiff, heat is no problem because they have the right system - one based on energy-efficient electric

heat pumps. All year round thry provide rither heating or cooling, reliably and automatically, according to the widely varying conditions prevailing in the shop. The shop is totally evelosed within the covered mall of the precinet. Display lighting inside, and large numbers of shoppers at peak limes, generated unconfortable heat for both costomers and stall. The owners were looking for a system which would give constant comfort. economirally, and they chose heat

In its heating mode the system is used mainly to bring the shop up to a romiortable temperature before it opens, using heat reclaimed from oul-side air. In exceptionally cold weather, it is used fur heating during business hours as well. The same units, operating in reverse mode,

A ilisused Victorian warehouse has

been roswerted into high-quality offices for Syllons PLC, a Bradford-

based engineering holding company.

The warehouse conversion included

provision for a conventional heating

and air conditioning system and

space for a boiler room. However,

there was a drawback in that, as a

provide the cool, calm atmosphere essential when the shop is crowded. The heat pumps take up very little of all, the system easily satisfies the The heat pumps take up very little of all, the system easily satisfies the space – the outside units are located owners' criteria for low capital cost on a tlat roof and the inside units are combined with economy of operation.



Top Shop's heat pumps - keeping the crowds cool.

A compact and efficient electric kitchen installed at Burton-on-Trent's Meadowside Leisure Centre is an essential ingredient in the flourishing centre's success. Meadowside has up lo 12.000 visitors a week, tit's open for seven days) and after squash, swimming or a sauna, plenty of them

On the kitchen's all-electric equipment - a fryer, griddle, range, grill, plus an oven and a microwave -catering manageress Henrietta Smith and her staff produce food in a vast variety of styles and quantities, ranging from plates of chips for junior swimmers to three-course meals for 150 guests at a wedding reception. "Il' people knew the size of the kitchen, they just wouldn't believe it, says Miss Smith.

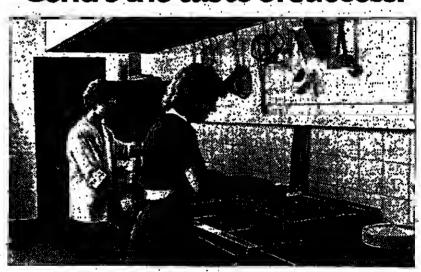
Of course, the kitchen is not the only reason for the success of Meadowside, growing at a time when attendance al many centres is down. As well as swimming, squash and a sauna, the centre offers an imaginative programme of concerts inrluding folk, poetry and jazz. And because it caters for such a variety of lastes. the kitchen has to as well. 'Almost everyone in the area will find a reason to be here also me time during the year." says Patrick Trayford, the manager. When we planned the kitchen we decided between us that electricity was what we wanted - it's clean, efficient and reliable? As well as serving anything from hot dogs to a full lunch and dinner menu to users of its sports facilities. Meadowsidy is able to offer a wide variety of three-course meals, including coq au vin aixl lixel Stroganoff, for private functions.

The one kitchen serves two bar arras, a balcony cafeteria overlooking the pool, and two other. function rooms. All the preparation and cooking is done in the compact central unit and the bain-marie in the balcony bar is used to hold certain hot dents.

There is also a cold display, and coffee, cold drinks, ice cream and popcorn are available. The everpopular chips are freshly produced

Although the kitchen is operated

Electric kitchen gives Leisure Centre the taste of success.



Meadowside's compact kitchen: fast and flexible catering.

for East Staffs District Council by Sports and Leisure Foods, the council owns the equipment and has responsibility for maintenance. Air Trayford says. The kitchen is used every single day and I'm very pleased with its performance. There's no doubt about it, it's easy to maintain and trouble free. Furthermore, the same basic electric equipment has been able to meet the growing demands made on it as the centre has expanded. It opened in 1980, but six squash courts were not added until last year, and

now another har with food service is to be opened. This is so that the main har can handle the growing demand for private functions. Which in turn will mean more work for the kitchen. In the future, a sports hall is planned. which will draw even more hungry people. Will this mean a larger kitchen is needed? Miss Smithdoesn't deny that at least some expansion might be necessary, but if it is, there's line doubt the equipment will be

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listed brilding, the warehouse exterior rould not be altered – so no external thes rould be added. While suitable heating and rooling systems wreeliging considered, the company became interested in the energy ronservation aspects of heat pumps and asked the architect to obtain details. Yorkshire Electricity Board was asked to carry out a leasibility

study for various heating and air conditioning methods, indicating rapital costs and estimated operating costs. As a result, three energyefficient electric heat pumps were installed in the three-storey offices.

...and old buildings up to date.

In winter, the heat pumps keep the offices warm and comfortable by utilising outside air as a heat source. In the sumnter, or when internal temperatures start to rise too steeply. the heat pumps can be used to cool. Switching from heating to cooling is automatic. An attractive feature of the system is that each floor can be heated or cooled separately, so the ground floor computer suite can be cooled while offices on the top floor

Installation has been neat, unobtrusive and space saving. The 26m² allocated for a holler room in the original plan are now used as additional offices, much to the satisfaction of the company. No boiler or plant room was necessary as the outside condenser units of the heat pumps are installed out of sight beneath the entrance steps and the

air handling units are at high level in cloakrooms and storerooms. The company is delighted with the heating and cooling systems particularly as the group now manu-lactures a range of compressors for refrigeration and heat pump appli-

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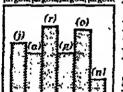
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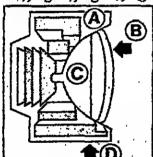
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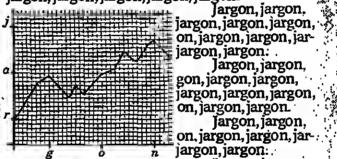
More jargon than you've ever seen before

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Someone had to make it simpler.

Jumblatt sets tough conditions for Lebanon reconciliation talks

BY ANTHONY MEDERMOTT IN GENEVA AND PATRICK COCKBURN IN BERUT

MR WALID JUMBLATT, the Druze chieftain and leader of Lebanon's left, set tough initial bargaining conditions for the conference of national reconciliation scheduled to

open in Geneva last night.

He has demanded at the outset that the Lebanese Government under President Amin Gemayer should Amin Gemayei should renounce its agreement with lisrael signed last May but

The fragility of Lehanon's five-week ceasefire was emphasised earlier when the Levanese army garrison in the ridge-top town of Souc-al-Gharh overlooking Belrut came under artillery bombardment. Officers in the multi-national force said 40-50 shells fell in one hoor. Diplomats to Beirot believe

that the best that can be expected from the meeting in expected from the meeting in Geneva is a national unity government which will never the ceasefire collapsing. They think questions of basic political and social reform will be shuffled on to committees.

It is estimated that the Geneva talks could last at most a week. Discussions were delayed by a dispute

over the seating of the par-

tleipants.
The Lebanese participants are divided into two main

On the one hand, there la President Gemayel, his father, Sheikh Pierre, the founder of the Christian Phalangist Party in 1936, and the former President, Cammille Chamoun On the other side is Mr Jumblatt, Mr Rashid Karame, former Prime Ministar, and Mr Suieiman Franjieh, the former President, all close to

Also present are Mr Nabih Berri, a leader of the Shi'lte Moslems with close links with Iran, and Mr Saeh Salam, a former Moslem Prime Minister. Syria and Sandl Arabia both have observers at the

Mr Jumbiatt also demanded Mr Jumblatt also demanded yesterday recognition of the fact that the key to the fact that the key to the fact that ghting in Lebanon is the 1943 national charter. He wants this charter revised and the fact of the Moslem majority to be accepted.

He said that the revision of the 1943 charter should

the 1943 charter should include "the election of the president by the people, the creation of two (parlia-

mentary) chambers (one of which would be) elected on the basis of proportional representation unlike the preseot one which is confes-aional."

Meanwhile, in Lehanon some of the 25,000 Christian of Deir al Qhammar are expected to be allowed out by Druze militiamen today as a symbol of goodwill. There are some 3,000 Christian militiamen in the town, which could be overrun by the Druze at any time.

The safety of their fighters and civilians is one motive for the Christians continuing to observe the ceasefire. If it breaks down, it is expected that the Druze will try in cut the coastal road to the south of Belrut and the army may have difficulty in stopping

In any renewal of the con-flict in and around the capital, the U.S. is expected to give strong aupport to the Lebanese army, probably including the use of U.S. alreraft. Washington would elearly be unhappy to see such an escalation in which are escalation in which are escalation in which such an escalation in which its troops would be drawn further into the conflict.

'Egypt sends arms' to Arafat

BY ROGER MATTHEWS, MIDDLE EAST EDITOR, IN LONDON

mascus claimed yesterday that an sition. Syria is believed to be deter-Egyptian vessel had delivered tanks, beavy weapons and a large the groundswell of guerrilla opposiquantity of ammunition to forces tion to the PLO leader has been loyal to Mr Yassir Arafat, chairman growing over the past two months. of the Palestine Liberation Organi-

taken place at the northern Lebanese port of Tripoli, where Mr Ara-

DISSIDENT Palestinians in Da. PLO in face of strong Syrian oppomined to remove Mr Arafat, and

Mr Arafat is understood to have ation (PLO).

The delivery is alleged to have Saddam Hussein to move his headquarters to the Iraqi capital, Baghdad. However, there has not yet fat's supporters are effectively ancircled by discident guerrillas and elements of the regular Syrian arequest as a bargaining counter in

factions of the Ba'ath Party and, apart from cutting Baghdad's oil pipeline. Damascus has also been aupplying war materials to Iran. General Kamal Hassan Ali,

Egypt's Foreign Minister, visited Baghdad at the end of last week. the first official visit by a senior member of the Egyptian cabinet aince Iraq led the 1978 Arab boycott

His talks in Baghdad are likely to have included the Palestioian issue and the mutual concern of Iraq and Mr Arafat has been issuing increasingly desperate calls for Arab
and Soviet assistance in his Mediterranean.

Syria and Iraq are ruled by rival

Syria and Iraq are ruled by rival

Syria and Iraq are ruled by rival

should not iau into Syriau in Egypt that control of the PLO

against dollar

By Bernard Simon

THE SOUTH African rand lost more than 2 per cent of its value against the U.S. dollar yesterday as the price of the country's major export earner, gold, dropped towards

At the close of trading yesterday, At the close of trading yesterday, banks were quoting e spot mid-rate for the rand of around 85.35 U.S. on the Tel Aviv Stock Exchange. cents, compared with last Friday's and the public bought a near record close of 87.40 ceots. The rand stood at almost 91 cents at the beginning of October, bringing its depreciotion in the past month to almost 6

Foreign exchange dealers were surprised that the Reserve Bank made no alfort yesterday to support the rand. The authorities would like to hold the currency up as part of their anti-inflation strategy, but appear to have accepted that the gold price may remain weak lor some

The Reserve Bank has inadequate resources of foreign currency to intervene for a prolonged period The foreign exchange component of the reserves totalled about RIbn at the end of September, but a substantial part of that amount is borrowings arranged in July and August before the Reserve Bank's withdrawal as an active participant in the foreign exchange market on

Gold accounts for about a haif of South Africa's export earnings, and the recant decline in the bullion rice has dealt a blow to early inditions that the downturn of the t two years is beginning to level

Local economists in the past few weeks have forecast a growth rate of around 4 per cent in real terms next year, based mainly on a buildup of agricultural inventories.

Rand drops 2% Israeli bank shares fall in \$ buying rush

dence in its bandling of the economy has been shaken, as the public sale of bank shares intensified this week and the rush to buy dollars ac-

change was closed for two weeks. To try to restore public confidence, the Government agreed to under-

THE ISRAELI Government's bope the shekel was devalued by 23 per

It appears that investors are still concerned over expectations of a harsh new economic programme to cure the ailing economy, and clear-ly fear that this may include further devaluations and restrictions on foreign currency transactions.

When trading in bank sbares re-It was to halt a similar trend ear- allowed their prices to fall by 17 per ly last mooth that the stock ex- cent, and then intervened to hold the new price steady. In all, the Government spent some \$200m last week to buy up bank shares being

Boycott by Japanese opposition is defied

BY JUREK MARTIN IN TOKYO

yesterday began to ram its economic policy proposals through the Diet in defiance of

Two Lower House committees far as a withdrawal from yesterday passed the Y1.2 trillion (thousand hiltion) The LDP is taking the view (\$5.01bn) tax reduction that since Mr Tanaka measures, setting the stage for pro forma approval today by the full House in which the government party, the Liberal majority.

Prime Minister, to resign from the Diet because of his conviction in the Lockheed bribery tive, the LDP seems prepared to the lockheed bribery tive, the LDP seems prepared to the lockheed bribery th

Mr Tanaka did issue an extraordinary statement last night, vations.

THE Japanese Government thanking Mr Nakasone for his yesterday began to ram its "heart-felt advice" and apolovesterday began to ram its meartiest advice and option common policy proposals gising to the nation for the through the Diet in defiance of trouble he had caused. But the parliamentary boycott still being waged by the opposition parties.

The LDP is laking the view that since Mr Tanaka refuses to leave the Diet, the opposition motion to force him out is questionable, because accordwernment party. the Liberal ing to Japanese practice, a semocrats, holds a comfortable afority.

The new hard-nosed approach the meantime, the LDP main-The new hard-nosed approach the meantime, the LDP main-follows the continued refusal of tains it is critical to get back Mr Kakuel Tanaka, the former to the business of running the

to give the tough approach a try-though not without reser-

Jackson to join race for

president By Our U.S. Editor in Washingto

The Reverend Jesse Jackson, the Chicago-based hlack rights activist, has ended months of speculation by announcing that he is to seek the Demotratic presidential nomination in next year's U.S. elections. He will make his candidacy official in Washington on

official in Washington on Thursday.

Mr Jackson, 42, admitted that he was rather late in entering the race for the nomination—which la already being contested by seven white anglo-saxon males—but from further back."

Bis controversial decision comes after more than six months testing the waters in

comes after more than six months testing the waters in public appearances and soundings among potential financial backers that have apparently convinced him that he can raise up to \$5m in campaign funds.

funds.

His candidacy, however, has been strongly opposed by numerous black leaders, including Mrs Coretta Scott King, the widow of Reverend Martin Luther King — with whom Mr Jackson was closely associated—and Mr Benjamin Books, executive director of the National Association for the Advancement of Colonred

People.

Black opponents of Mr
Jackson's candidacy argue
that it risks drawing support away from liberal Democrats. such as former vice-president such as former vice-resident Walter Mondale, the current front runner. They would rather see a Democratic candidate who can both win the election—it is acknowledged that Mr Jackson could not—and who has a strong commitment to black interests.

Mr Jackson's hackers, on

Mr Jackson's backers, on the other hand, believe that bls candidacy will powerfully motivate black voters to motivate black voters to register and go to the polls and attract much-needed attention to issues of black concern. They believe that if ba wins enough delegates he could act as a "hroker" at next summer's Democratic convention, offering the supwhite candidate judged most sympathetic to black and minority Interests.

Mr Jarkson says he is not concerned by the opposition of other black leaders. "We simply must take our risk is the open market," be said on Sanday Sandas. His intention is to balld

what he has called a "rain-how coalillon" of ethnic minorities, Liberals, women and the generally less favoured of society.

Scoon 'grateful for fast rescue'

BY ANTHONY ROBINSON

SIR PAUL SCOON, Governor General of Grenada, said on the BBC television programme Panorama last night that be was " very, very graleful" that other countries had come to Grenada's rescue. He added that be wants U.S. troops to stay " as long as

necessary."

Sir Paul stated that be had not asked Britain to take part in the invasion but had invited the U.S. because he thought they would act faster. He sald that the Americans might be needed "for two weeks or two months" but added that first Grenada had to get people back to work and get the community going again. "After that I am sure we can ask the Amaricans to leave," he added. The Commonwealth secre-

tariat in London meanwhile is no longer talking about setting up a "peace-keeping force" for Grenada but is concentrating its efforts on seeking Common-wealth participation in what it terms a "security force," which would be more police and para-military than military in

follows considerable considerable reluctance among many Commonwealth members commit troops to any

foreign forces withdrawn.

Mr Bill Hayden, Australia's participation in a peace-keeping
Foreign Minister, yesterday force. Australia was one of five

THE PENTAGON yesterday admitted that "some civilian casualties may have occurred."

gesting that between 47 and 50 mental patients had been killed in the raid on the Fort Fredericks military com-Lt Col Wesley Taylor, com-

Grenadian venture until the stated Australia's apposition to security situation on the island the use of armed force by the had already been restored and foreign forces withdrawn.

U.S. bombed hospital

in a U.S. air strike in the area of a civillan hospital during last Tuesday's invasion, Regionald Dale writes

from Washington.
It said, however, that preliminary indications put the
toll at substantially lower
than published reports sug-

Lt Col Wesley Taylor, com-mander of the 1st battalion of U.S. Army Rangers, said that U.S. personnel were unaware there was a hospital at Fort Fredericks. He added that resistance had been much stiffer than we had been briefed to anticipate."

the island was now "probably complete" in his npining. Meanwhile, the row over whether the White House whether the wante moties misled the American media over the iming of the in-vasion claimed its first vic-time. Mr Les Janka, recently time. Mr Les Janka, recently appointed White House deputy press secretary for foreign affairs, resigned, saying that he felt his personal credibility may have been irreparably damaged. An Administration official, however, said that Mr Janka had been sacked because be leaked to the press a report that Mr Larry Speakes, chief deputy press secretary, had

that Mr Larry Speakes, chtef deputy press secretary, had considered resigning because he had been "misled" by other White House officials before the invasion. Mr Speakes has said reports that he threatened to resign are "Inaccurate."

Commonwealth countries which contributed forces to the peacekeeping force in Rhodesia in

Neighbouring New Zealend, however, said it would be will-ing to take part in such a force and Canada, which has been involved in soundings among other Commonwealth countries independently of the efforts of the Commonwealth secretariat. also willing to contribute

The Soviet Union, meanwhile The Soviet Union, meanwhile, reached new heights of hyperbole in attacking the U.S. led invasion. Pravda said that "the cowboy attack on small Grenada, staged according to the rules of a daring cavalry attack by white settlers armed to the teeth on a village of redskins, had focused the attention of the world on the aggressive, begemonistic foreign policy begemonistic foreign policy course of the Reagan Admini-

But West German Govern ment spokesman Herr Peter Boenisch hinted in Bonn that the Government was having second thoughts about its original criticism of the in-vasion following the discovery of "very well armed Socaled of "very well armed so-called Cuban construction workers" on the island and arms caches.

Alfonsin: a man with history on his side

THERE ARE undoubtedly thousands of people surprised at Sunday's Argentine election results. But Sr Raul Alfonsin, the victorious candidate of the Radical Party, is certainly not

Ever since he officially put in a hid for the leadership of his party 19 months ago, Sr Alfonsin has acted and spoken with the self-assurance of a man convinced that he has history on his side. Sr Alfonsin wasted no time in

June last year when President Reynaldo Bignone lifted a han on political activity and called on the parties to prepare themon the parties to prepare themselves for eventual elections. The shattering climax of the Falklands war had left most Argentines disoriented and deeply depressed. The Paronists chose to explore their

Paronists chose to explore their potanilal support in cautious lobbying. The military ignored the politicians and plotted against each other. But Sr Alfonsin called a public rally in central Buenos Aires and blasted the taboos of tha last seven years.

He renewed the protest against the disappearance of 15.000-odd Argentines after the military coup. He attecked the bidden pact between sectors of the armed forces and union bases.



. . . " victory of life over death"

"lunatic adventure" of the Malvinas. Unlike the Peronists, shackled by the memory of their late founder, General Juan Peron, Sr Alfonsin has gone out of his way to embody changa, "This is the victory of life over death," commented a Radical supporter

cvilian administratons that bas always deteriorated into a confliet between populism and democracy. Sr Alfonsin is an entirely new phenomenon in Argentine

is the victory of life over death," commented a Radical supporter on Sunday night.

He has identified conlinual interference of the military coupled with authoritarian Peronism as the chief course.

conservative middle-class Radi-cal Party, cast him in the role of a maverick. In the country's last elections in 1973, he did not secure a congressional seal and instead became an out-spoken defender of human rights.

Sr Alfonsin bas a party that has now completely united behind him — unlike the Peronists who will now be seeking for countiess sacrificial lambs — and there is no rival politician or military figure who can match his popularity.

And yet in Sr Alfonsin's strength lies the potential weakness of his future government. For the past few weeks, the Radical Party has been so overshadowed by the personality of its leader that it is impossible to predict a Cabinet line-up.

In the early hours of Monday morning, Sr Alfonsin's victory Press conference illustrated tha difference between a campaign and a term in office. Battered and bruised, a young woman TV reportar managed to squeeze through the chaos of hundreds of journalists in a room the aize of a matchbox: "Sr Alfonsin. now that you are President of Argentina, what have you to say the armed forces and union coupled with authoritarian sents an impressive personal to the people?" "Well, all I bosses. And he pointed en augry finger at milliary corruption and incompetence which promised to resive the victors faction within the traditionally Alfonsin, with a broad smile.

Paul Taylor in New York looks at attempts to overhaul U.S. banking laws

Bank regulators fight over rule changes

one year of meetings, sweeping overhaul of the complex and often confusing bank regulatory

Office of the Compiroller of the powers over savings and loan Currency. In addition, state associations (akin to UK build-banking commissioners, the ing societies) would expand to Justice Department and the cover some smaller banks. A

posal, generally endorsed by 10 be regulated by the FHLBB. most members of the commis- The FHLBB would be renamed sion and the industry, is that the Federal Community Bank regulation of all major commercial banks in the U.S. be blurred distinctions between conducted by a new Federal small commercial banks and the Banking commission under the Sand Ls.

might have set the stage for a momentus change in U.S. bank regulation.

A commission headed by With a purely deposit insurance vice-President George Bush was and loan associations.

The plan, drafted mainly by the Vice-President's office and

Mr Richard Breeden, staff direcoften confusing bank regulatory attructure in the U.S.

Bank regulatory and audit powers are shared now by three separate agencies, the Federal Reserve Board (Fed), the Federal Deposit Insurance Corporation (FDIC) and the Office of the Commisciller of the Commisciller of the movers are saving and local standard breeden, staff directory for the commission, is a bold attempt to cut through the regulatory morass and establish regulatory morass and establish on typea of banking services. Justice Department and the Securities and Exchange Combank with 60 per cent or its loans in the mortgage or property sector or assets under, perly sector or assets under, say, \$25m (£16m) could choose

A summit meeting of the task force was originally dna to vote on Monday on the plan, after which s new Bill would

date had been set tor its basic team would be meeting.

Mr Paul Volcker, chairman of responsibilities would be the Fed is leading the opposition. Under the commission's Since Mr Volcker is one in are considering extending their proposals the Fed would retain the task force members it powers. Supervision over only, say, the appears almost inconceivable Most industry experts still expertision over only, say, the appears almost inconceivable Most industry experts still that his atrong views will go expect some specific proposals to emerge from the commission to emerge from the commission. the Fed system and about director of the Independent about the timing and the force 4.500 bank holding companies. Bankers Association of America of the final package. Neverther the Fed would retain its role (IBAA) is also unhappy with less, bankers still appear to in monetary policy.

Mr Volcker delivered to last month's meeting

IF EVERYTHING had gone according to plan a small meeting scheduled for yesterday, but its equilatory power of ing scheduled for yesterday, but cancelled at the last minnte, might have set the stage for a momentus change in U.S. bank and bank holding company structure contents and bank holding companys tructure contents. The proposals could be according to plan a small meeting at the bank regulatory power of the but atiff opposition, not only from the Fed, as might be scurrying around Washington posals clash with its "uniform" who he said were "promoting approach to bank and thrift the notion somehow that these holding company structure contents the notion somehow that these holding company structure concerns monetary; and regulatory power of the latter molecular promoting approach to bank and thrift the notion somehow that these holding company structure concerns monetary; and regulatory power of the bank and bank bolding company structure concerns monetary; and regulatory power of the bank and thrift the promotion somehow that these holding company structure concerns monetary; and regulatory power of the bank and thrift the promotion somehow that these holding company structure concerns monetary; and regulatory power of the bank at the bank and bank and bank and bank boding company and it is promoting approach to bank and bank and bank and bank and bank and bank bank and bank and bank and bank and bank and bank a

Mr Bush's office said no new the affect of crippling the other financial services using date had been set for the oblity of the Fed to carry out loopholes in existing legislameeting.

Mr Paul Volcker, chairman of the banks into other financial services using time time. The SEC, the FDIC and responsibilities would be Comptroller of the Currency the Fed is leading the opposition. Under the commission's Since Mr Volcker is one in are considering extending their proposals the Fed would retain the task force members it reconstitutions.

to vote on Monday on the plan, after which a new Bill would have been submitted to Congress. But over the past few weeks the commission's work, and its final recommendations, have been thrown into doubt. After the surprise decision to postpone yesterday's meeting. Mr Bush's office said no new the affect of crippling the date had been set for tha ability as a billion of the surprise decision to postpone yesterday's meeting. latory policy — should be in Deregulation Bill before Conseparate compartments, admini- gress which basically seeks to

> (IBAA) is also unhappy with less, bankers still appear to the proposal. He points out have faith in the commission "there are still serious and in particular in Mr unresolved problems" which go less, bankers still appear to

Kathy Evans, reporting from Doha, analyses the six member-states' continuing efforts to achieve joint military self-sufficienv

Gulf co-operation summit meets amid annoying offers of protection

But other Western diplomats to protect the Gulf, and the image of military self-reliance suggest that in any case the U.S. Egyptians have again offered came with a series of military presence might be "indelicately limed," given the increasing pronouncements of Gulf leaders that they are saeking military by these offers of help and

of the Gulf have led to increas- unwanted and un-needed on the concede that the exercises were of the Gulf armies are planned.

Their forces to help create an exercises two weeks ago. Code
"Arab Army" to confront Iran.
Gulf leaders are embarrassed manoeuvres took place in a self-reliance.
This fourth Council summit meeting takes place at a nerve-interview in Kuwait, Abdullah states: Saudia Arabia, Kuwait, racking time. The heedy pitch Bishara, the Kuwalti Secretary- Oman, Bahrain, Qatar and the of Iraqi and Iranian thrasts to General of the Council, said United Arah Emirates. widen their war to other areas that "gunboat diplomacy was

on Monwill conneide with the "routine courtesy visit" to the Gulf of the U.S. destroyer La Salle, dagship of America's Middle East Task Forca.

U.S. officials emphasise that the visit was planned weeks ago. But other Western diplomats uggest that in any case of the U.S. officials emphasise that the visit was planned weeks ago. But other Western diplomats to the U.S. officials emphasise that the visit was planned weeks ago. But other Western diplomats to the U.S. officials emphasise that the visit was planned weeks ago. But other Western diplomats to the U.S. officials emphasise that the visit was planned weeks ago. But other Western diplomats to the U.S. officials emphasise that the visit was planned weeks ago. But other Western diplomats to the U.S. officials emphasise that the visit was planned weeks ago. But other Western diplomats to the Gulf the Gulf, a gesture of the warship Ranger, which sits applied also to any suggestions of Jordanian agsistance in the region, helping in its protection. This applied also to any suggestions of Jordanian agsistance in the visit was planned weeks ago. But of the Irapian threat to close the Straits of Hormuz.

U.S. officials emphasise that the visit was planned weeks ago. But other Western diplomats to the Gulf agesture of the Gulf agesture of U.S. concern over the possibility of a protection. This applied also to any suggestions of Jordanian agsistance in the vestion of Jordanian agsistance in the visit was planned weeks ago.

U.S. officials emphasise that the visit was planned weeks ago. But office with the addition of the warship Ranger, which sits applied also to any suggestions of Jordanian agsistance in the visit was planned weeks ago.

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U.S. officials emphasic that the visit was planned weeks ago.

U.S. officials emphasic that the visit was planned w remote part of the Ahu Dhabi

Even Gulf officiala, however.



limited. It was more a political get-together," one said. Nevertheless, more "get-togethers" for officers and men

in the region, however, few observers are expecting any fresh ideas to emerge from tha summit about how to make peace between Iran and Iraq. Undoubtedly, the question of continuing Iraqi aid will be discussed, as will the next best steps in mediation. Gulf leaders are relying on a

hope will give "moral changes in the Culf states. Tha But as each state tries to proauthority" to demonstrate an cut in oil income has led to tect the interest of its own income,
international will to create a thousands of foreigners, mainly nationals, such matters have warfree zone in the Culf and Asiana, being sent home, and, been put "under study" over dismissed to end the attacks on civilian shortly, bolh Qatar and Abu a five-year period.

fresh initiative in the UN The summit also coincides and land Security Council, which they with fundemental internal countries.

targets. Dhabl are to initiale cutbacks The one resolution which Pressure from the Gulf states in government staff which was actually due to be impleon Syria is also likely to be would mean several thousand mented, on September 1. was

exercises next month, and Kuwalti and Saudi foreign visa laws are being unified and between 4 to 20 per cent. Howministers is lo visit Damascus tightened, and deportations are
occurring in the thousands. The
month, and Kuwalti and Saudi foreign visa laws are being unified and
ministers is lo visit Damascus
in another attempt to try to peroccurring in the thousands. The
adopted it are Oman, Kuwalt
and the time of the current tension

Despite the current tension

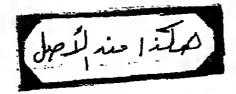
The contraction of Ras all
and the current tension of the current tens

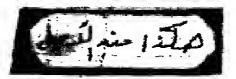
Another visit by Gulf ministers to Tehran is also not ruled out. The last mission, headed by the UAE and Kuwaiti menting tha numerous menting the numerous local merchant communities economic resolutions edopted, have grumbled that the new foreign ministers, did not economic resolutions edopted, succeed, but Culf leaders are Many of the resolutions pro-

Khaimah in the UAE. For Ruwait, the old tariffs were virtually at that level anyway, and in the other member-states, local merchant communities succeed, but Gulf leaders are still said to be prepared to "knock on any door" in the cause of peace.

The summit also coincides and ownership of businesses and ownership of businesses and land in each other's stantial part of its revenue from customs, the new tariffs would have meant a drop in

Secretary - General Bishera dismisses with a wave of his hand such symptoms of early failura at economic unity. of the Gulf have led to increase unwanted and un-necess on the concern and un-necess of the concern and "What I am aiming for is a







Your management isn't short of energy. But is your energy short of management?

In industry and commerce, the emphasis today is on the more efficient use of energy for greater profit.

At the forefront of this trend, the gas people have developed new technologies which offer payback periods as short as six months. The examples below prove that efficient energy management could be the key to greater profits for your company.

Liquid Heating leaves the steam age.

Until recently, most industrial liquid heating was carried out using steam supplied through transmission systems, a method which involves large energy losses.

A more effective use of the prime fuel is now possible using a high-intensity gas-fired immersion tube heating system developed at the Midlands Research Station of British Gas. A profitable application of this system is currently in use at a factory in Oldbury, West Midlands.

The wide range of steel tubes produced there are passed through heated tanks containing a variety of aqueous solutions during manufacture. Until recently all the tanks were heated by steam—but a programme is now under way to convert them to direct gas heating.

The first tank was converted as a pilot scheme for the rest of the site. Prior to conversion, the cost of steam for this tank was £179 per week. An immersion tube heating system was purchased from one of the licensees appointed by British Gas, and this was installed under the supervision of West Midlands Gas.

The performance was monitored by Midlands Research Station personnel, and an efficiency of over 80% was recorded with a running cost of £72 per week. This represents a saving of 60% which will recover the cost of the system in about six months. Conversion of a further 12 tanks is now in train and the ultimate savings are estimated at more than £65,000 per year.

How British Industry is recovering from the flue.

Some high-temperature heating systems—such as batch—operated forging furnaces—can waste over 70% of their heat input as a result of heat loss by the discharge of flue gases.

The latest design of recuperative burner, developed by the Midlands Research Station of British Gas, recovers a significant proportion of this waste heat by using the flue gases to preheat the incoming combustion air in an integral heat exchanger.

A Darlaston factory is currently using such a system to save significant amounts of energy and money.

The annual fuel bill on one of the forging furnaces alone has been reduced by £5,000.

Two recuperative burners were installed for a field trial, the design being the result of a development programme to improve performance, reduce costs and simplify maintenance.

Detailed records of fuel consumption and production rates have been kept for the recuperative burner fired furnace and other similar units without heat recovery. Comparisons show that the furnace with recuperative burners uses some 46% less fuel.

The 12 month field trial is now complete, the system has proved reliable and the company involved are now in consultation to convert more furnaces. The cost of converting each furnace is around £6,000, which gives a payback period of just over a year on five-day single shift working. With an improved level of furnace utilisation, this payback period could be even shorter.

Profit from our experience.

If these high-efficiency developments—or perhaps even more important, the "Energy for Profit" philosophy behind them—interests you, you owe it to yourself—and your shareholders—to find out more.

For details write to the gas people—British Gas, Technical Consultancy Service, 326 High Holborn, London WC1V 7PT.



The Future ar

The future of telecommunications rides on the promise of digital technology.

For the past century, virtually all communications—voice, data, graphics, image—was based on analog technology. The transmission and routing of all information was done in the form of electrical waves in varying amplitude and frequency.

In the 1960s, the introduction of computers to telecommunications networks increased the efficiency, flexibility, and capability of communications systems. But this was only an indication of the coming revolution.

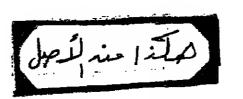
Northern Telecom set off the revolution with an announcement in 1976. Applying its expertise in the key technologies of microelectronics and software, Northern Telecom became the first corporation to commit to the introduction of a complete family of <u>fully</u> digital switching and transmission telecommunications systems.

That commitment brought about the effective merger of the telecommunications and computer industries. Since then, every major telecommunications manufacturer in the world has followed Northern Telecom's announcement with their own. And, today, they continue to follow Northern Telecom's lead.

Northern Telecom's worldwide digital leadership is based on its commitment to research and development. The corporation annually spends more than nine percent of its revenues on R&D and has invested more than one billion dollars in R&D over the past decade.

Northern Telecom promised that our future would be a Digital World*.

In fact...



d The Present.

It is delivering the future today with the broadest and most proven line of <u>fully</u> digital systems of any company in the world. Since the introduction of its first fully digital switch in 1975, organizations in 50 countries have put in service or ordered thousands of Northern Telecom's DMS or SL systems to serve the equivalent of more than 14 million telephone lines. No other company can match this record of global success and experience as a developer, manufacturer, and supplier of fully digital telecommunications systems.

Northern Telecom's customers include all major telephone companies across North America, including Bell Canada, AT&T and its operating companies, the specialized common carriers, the U.S. military, the health and hospitality industries, educational institutions, governments at all levels, banks and other financial organizations, businesses large and small, and government PTTs in Europe, the Middle East, Africa, Asia, the Caribbean, and Latin America.

Technology does not stand still. Northern Telecom is extending its leadership in digital telecommunications by developing new integrated circuits and software to evolve and enrich our proven systems. And we keep expanding our product families to serve our customers.

The modularity of our hardware and software enables us to evolve the capabilities of our systems. We avoid the potential of rapid obsolescence that has caused other companies to speak of their product "generations". We protect our customers' investments by evolving their systems with the progress of technology. By this, we set new performance standards as targets for our competitors to strive for.

These are the digital telecommunications products of tomorrow, available from Northern Telecom today:

DMS*

Central office switches route telephone calls within the network. Northern Telecom's DMS (Digital Multiplex Systems) Family comprises switches that can economically handle from a few dozen lines in a rural area to the sophisticated, high-capacity systems needed for as many as 100,000 telephone lines in cities.

The flexible design, dispersed processing, and remote modules that can be located away from the central switch, make it easy to expand an installed DMS switch as new capacity or features are required.

The first of Northern Telecom's computercontrolled, fully digital DMS switches were introduced in 1977. That's seven years of experience in developing, evolving, producing, installing, and servicing these sophisticated, compact, reliable, and cost-effective systems.

DMS-1

The Digital Multiplex Systems most widely used by telephone companies in rural areas. DMS-I can serve up to 256 lines over just four pairs of wires. There are currently 2,000 DMS-Is in operation to provide thousands of telephone subscribers with economic, improved service. The DMS-IA, and a new system called the DMS-I Urban, can handle 512 and 544 telephone lines, respectively.

DMS-10

DMS-10 can handle the needs of smaller communities requiring service for up to 8,000 telephone lines. The DMS-10M is a specially designed, compact version housed in a mobile cabinet on wheels. The packaged design virtually eliminates the need for engineering by telephone companies, permitting rapid and unassisted installation. DMS-10 also features Remote Equipment Modules to extend economically the capabilities of the central switch to surrounding areas.

More than 700 DMS-10s are in-service, including some 140 switches for 20 of AT&T's operating companies, and hundreds of other telephone companies across the U.S. and Canada, and in several other countries.

The DMS-100 Family

The flexibility of Northern Telecom's modular hardware and software architectures has enabled the corporation to modify its large digital switches to serve all the different roles in the telecommunications network, and to meet the special requirements of particular customer groups, new markets, or countries.

For example, Northern Telecom has licensed its DMS-100 Family technology to two Austrian manufacturers to develop switching systems for that country. The corporation also licensed this technology to a Turkish manufacturer to produce DMS switches for Turkey's PTT. Northern Telecom has developed special features required by the U.S. military, the specialized and resale common carrier industry, and for cellular mobile radio-telephone system operators. There are now some 550 DMS-100 Family switched in-service or on order.

Reflecting the quality, reliability, and availability of Northern Telecom's DMS, AT&T's telephone operating companies have become major customers for these systems. AT&T has recommended the DMS-1, DMS-10, DMS-100, DMS-200, and DMS-100/200 for use and has signed supply contracts with Northern Telecom. These contracts will be transferred to the operating companies when they are divested in 1984.

The DMS-100 Family of switches, when first introduced in 1979, offered about 300 features. Today, as new capabilities and members of the family have been added, the list of features is more than 1,000. And the total continues to grow while other manufacturers are still introducing their basic systems.

DMS-100 can meet the needs of larger communities and cities needing a big switch for local calling. DMS-100 can serve up to 100,000 telephone lines and, with its Remote Line Modules, can economically provide service to smaller communities in surrounding locations.

DMS-200 is a toll switch that can handle 60,000 trunks (long-distance) circuits.

DMS-100/200 is a large switch combining local and toll capabilities.

DMS-100 Scope Dial was developed to meet the special needs of the U.S. Air Force which chose Northern Telecom's switching for its Scope Dial program to modernize telecommunications on its bases around the world. DMS-100's very-large capacity, proven reliability, advanced digital switching architecture, and potential for significantly reducing telecommunications costs, meets the rigorous requirements of the U.S. military's upgraded Automatic Voice Network (Autovon) and the global military network for telephone service.

DMS-100 Scope Dial switches are now installed at the Vandenberg base in California; Osan, Korea; Wright Patterson, Ohio; Eielson, Alaska; Hill, Utah; and four more are on order or are being installed.

DMS-200 Autovon is a special configuration of Northern Telecom's toll switch to meet the demands of the U.S. Department of Defense, military departments, and other users in the Autovon military global communications network. Five DMS-200 Autovons have been installed in the U.S.

DMS-250 was developed for specialized and resale common carrier companies in the U.S. such as Satellite Business Systems and MCI Communications. It enables these companies to benefit from, and to offer their customers the benefits of, the Digital World.

PTT. Northern Telecom has developed special features required by the U.S. military, the specialized and resale common carrier industry, and for cellular mobile radio-telephone system operators. There are now some 550 DMS-100 Family switches the international telecommunications grid. DMS-300 is an example of Northern Telecom's experience in designing systems for international telecommunications. This large gateway switching system connects a country's telephone networks to the international telecommunications grid. DMS-300

is currently being used by Teleglobe Canada.

DMS MTX is the newest member of Northern Telecom's DMS Family. The DMS MTX (Mobile Telephone Exchange), introduced in 1983, is a part of the cellular mobile radio-telephone system being offered by Northern Telecom working with the General Electric Company in the U.S. As an example of the flexibility of DMS, customers who have already installed DMS-100, DMS-200, or SL-100 (large PBX) switches can add the cellular mobile radio-telephone capabilities to their existing systems.

TOPS* (Traffic Operator Position System) is a fully integrated, automated system for telephone operators that provides them with privacy, comfort, and ease of operation, and offers the telephone company considerable efficiencies and cost savings.

MAP* (Maintenance and Administration Position) is a unique capability offered as an integral part of the DMS-100 Family, comprising an intelligent terminal for use in communicating with the switch to analyze and diagnose its performance. MAP can examine the system from an entire frame to a portion of a telephone line card.

SL* Family

Northern Telecom's SL Family of digital business communications systems can meet the needs of organizations for 30 to 30,000 telephone lines. The corporation was the first to introduce integrated voice and data handling capability and has become the leading international supplier of digital PBXs and data packet switching systems.

The SL Family will serve as network controllers for voice, data, and other forms of information in Northern Telecom's OPEN (Open Protocol Enhanced Networks) World*, a program announced in late 1982 to provide new digital systems, features, and terminals for efficient information management systems. OPEN World will enable Northern Telecom's switching systems to connect the corporation's digital networks and terminals with networks and devices produced by other vendors, giving organizations the freedom to choose diverse systems that will most effectively meet their requirements for information handling.

SL-1

Northern Telecom's SL-1 PBXs can handle integrated voice and data requirements for small organizations needing as few as 30 telephone lines, to large businesses with up to 5,000 lines. The corporation is investing tens of millions of dollars annually to evolve and enhance the technology and capabilities of SL-1.

SL-Is are on order or in-service to handle 2.6 million telephone lines in 45 countries. Manufacturers in the United Kingdom, Sweden, Italy, and Korea have received licenses to manufacture and market SL-1.

SL-100

Larger organizations can benefit from Northern Telecom's advanced digital business communications systems technology by installing an SL-100. SL-100 can serve up to 30,000 telephone lines, making it the largest digital PBX available today. This PBX is based on Northern Telecom's proven DMS-100 system.

ESN

Northern Telecom's Electronic Switched Network (ESN), using SL-1 or SL-100, can link these PBXs and those of other manufacturers in sophisticated, cost-effective networks of 2 to 100 locations across the street or across a continent.

ESN's Communications Management Center (CMC) provides management with centralized control of its telecommunications network. CMC constantly records and analyzes telephone traffic, permitting changes to be made to the network as required. CMC's management features include user-billing and network-directory capability.

Other features, such as least-cost routing, can substantially reduce network costs by automatically finding the least expensive route for every call.

SL-10

The SL-10 bundles data in packets and digitally addresses and transmits the information at high speed with other users' data also bundled in packets. For most users, the elimination of the need for dedicated lines and charges only for transmission time used, can mean substantial savings.

SL-10 supports communications interfaces and protocols from many computer systems so that different machines in the network can communicate with one another. SL-10 networks are designed to grow as the need for data connections and traffic accelerate.

SL-10 forms the backbone of the Canadian

Datapac and West German Datex-P networks. In the U.S., the Federal Reserve System uses an SL-10 network to handle funds transfers of more than \$100 trillion per year. Other SL-10 users in the U.S. are Bankers Trust Company and Contel Network Inc. Internationally, SL-10s have been chosen for installations in the U.K., Hong Kong, Switzerland, Portugal, the Republic of Ireland, Belgium, and Austria.

Transmission Systems

Digital transmission systems are the threads which bind the Digital World. Transmission systems carry information between points. Voice or data is carried from the home, factory, or office, or between central office switches by copper wire, coaxial cable, radio, and glass fibers to the telephone company or private network switches, and routed to the caller's destination.

Increasingly, optoelectronic systems incorporating fiber optics and laser technology are being used to transmit simultaneous digital voice and data signals through the global telecommunications networks.

DE-4E

Channel banks facilitate a cost-effective and efficient transition to the Digital World. Front-end devices converting analog signals to digital and vice-versa, they make digital systems and products compatible with older generations of analog equipment.

Northern Telecom is the second largest manufacturer of channel banks in the world and the DE-4E is one of the most proven and reliable digital products available today.

PLC-1

Northern Telecom's Private Line Concentrator provides businesses and other organizations with the means to reduce dramatically the number of leased lines required in their voice communications networks, cutting line costs by as much as 50 percent. PLC-I also provides network usage data for improved management of the network.

T1 Mini

A TI Mini amplifies and regenerates voice and data signals as they are carried through the transmission systems. With its 24-channel capacity, the TI Mini repeater is designed to meet AT&T specifications.

TIC

The TI Mini's brother, the TIC has all the features of the smaller system with twice the capacity.

Digital Radio

Digital signals for voice, data, and video can be transmitted through the air. Northern Telecom's expanding family of digital radios currently includes 4ghz and 8ghz systems.

Optoelectronics

Northern Telecom has been developing and installing fiber optics systems since the early 1970s and continues to lead in advancing optoelectronic technology. We have supplied over 150 fiber optic transmission systems, the equivalent of more than 62,000 miles of fiber. Lightwave communication through glass fibers is practical and economical for voice, data, and video applications.

AND DESCRIPTION OF THE PARTY OF

The successful application of fiber optics systems to digital telecommunications means longer transmission ranges of up to 30 miles without amplification by repeaters. Fewer repeaters means less field electronics, higher reliability and lower installation and maintenance costs. Glass fiber is smaller and lighter than conventional cable systems and is free from electromagnetic interference.

Northern Telecom offers complete optical fiber transmission systems, including single-mode and multimode fiber and compatible components and systems' designs custom-tailored to meet present and future customer requirements. In Saskatchewan, Canada, for example, Northern Telecom is working with Saskatchewan Telecommunications, the province's telephone company, to produce and install a 2,000-mile fiber optics network. This digital system is the longest fiber optics network being put in service, in the world. It will provide integrated voice, data, and video (cable television) services to customers over 100,000-square-miles.

For more information on Northern Telecom and its products contact: Northern Telecom (U.K.) Ltd. Langton House, Market St., Maidenhead, Berks., SL6 8BE Tel. (628) 72921.



EEC probes photo-paper 'dumping'

By Paul Checseright in Brussels THE EUROPEAN Commission has responded to a complaint from the chemical manufacturers and mounted an lovestitioo into the alleged dumping by Japan of certain sensitised paper for colour pholographs. The chemical manufacturers federation, which has 62 antidumping cases oo ils books, hased its complaint on a comparison of Japanese domeslic prices and the prices at which the paper is sold in the EEC. The case provides further evidence of the tension in EEC-Japan trade relations. The way

trading practices are handled by the EEC is the subject of lively discussion aimed at the formation of a common commer-EEC imports of the sensitised paper from Japan rose 29.4 per ceot last year to 27.7m square metres. In the first quarter this year the imports were running 9 per cent ahead of the same period of 1982 at 7.3m square

which complaints of uofair

Remy Martin appoints sole agent in Japan Sanraku-Ocean, which holds the the biggest share of Japan's wine market said on Friday it had concluded an agreement with Remy Martin of France to sell its products in Japan as sole agent from 1984, AP-DJ reports from Tokyo.

EXPORT RESTRAINT TALKS WITH EEC LIKELY

Philips deal may alter Japan's VCR stance line to buy

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

lead to changes in the way Japan restrains its VCR exports to Europe, officials of the Ministry of International Trade and Industry sald yesterday. Miti said it was looking forward to holding talks with the EEC on the "modality" of export restraint but indicated it

was in no hurry.

The Ministry believes that an arrangement under which Philips produced VHS tape recorders for the European market could eventually make irrelevant attempts to present irrelevant attempts to preserve a European market share for the V 2000 system currently

A spokesman for Matsushita Electric, which confirmed last Friday that it had beeo approached by Philips with a request for the transfer of VCR technology, said yesterday that he could not understand how European reports of the pro-posed deal presented Philips as "considering" an offer from Matsushita. The initiative was definitely taken by Philips, not the other way round, the spokes-

European sources in Tokyo believe that a technical tie-up between Philips and Matsushita for the production of VHS video

THE PROPOSED licension of Philips and Grundig, the two between EEC members such as Philips to produce the VHS V 2000 manufacturers, are the UK and West Germany format for video cassette guaranteed European sales of at recorders (VCRs) could well least 1.2m sets. or without capital participation by Japan—and those which have favoured straight transfers of technology.

The UK and West Germany both favour the exclusion from the current volunlary export restraints of VCR kits which are sbipped from Japan for final assembly in Europe. Nations such as France, which have chosen to stress technical transfers, rather than direct investment by Japan in local assembly of VCRs, favour the maintenance of the present arrangement under which both completed VCR sets and kils are subject to export restraint.

The conclusion of a technical tie-np between Philips and Matsushita could bring Philips down on the side of the European interests which favour a continued restraint on Japanese exports of kits, thus helping to polarise differences in Europe over the export restraint issue. Japanese exports of VCRs rose to a record 1.47m sets in September on active sales to all

major markets except the Enro-pean Community, the Elec-tronics Industries Association of Japan said, Reuter reports The September total was up

from the July 1983 record of 1.38m sets, and showed a 🎾 per ceot increase from a year

Motorcycle ventures agreed with China

BY JUREK MARTIN IN TOKYO

TWO LEADING Japanese manufacturers. notorcycle Honda and Yamaha, have recently taken steps to meet the growing Chinese demand for small machines.

Over the weekend Honda signed a second technological agreement with two Chinese concerns—Slehuan Xinguang Industrial Products Imports and Exports, and the Jialing Machine Factory, also of

Sichuan province providing for ontput initially of a 79cc metercycle and subsequently of a 125cc machine.

In December, 1981, Honda signed a similar technological agreement with the two Chinese enterprises to produce a 50cc moped. The fialing company is currently turning out approximately 190,000 mopeds annually.
Yamaha's agreement is Yamaha's agreement is with China North Industries

of Peking, the state-run heavy machinery concern, and en-visages production by 1985 of 50,000 50-80cc motorcycles a year, to be sold in China under the Yamaha name and with a Chinese name in third country markets. The Famaha models will also be produced at the Chongqing industrial complex in Sichuan

province.
in both instances, the
Japanese companies intend to

provide technical know how provide technical know how, parts and production equipment, including engines, with local Chinese suppliers eventually taking over the full role of providing 100 per cent Chinese content.

Acrording to Honda, Chinese consumer demand for small protocycles and for small motorcycles and mopeds comfortably ontstrips current production capacity, estimated at 200,000-250,000 units a year.

Hong Kong China ships

EXPRESS Ship Management Services of Hong Kong bas

Hong Kong. The China Daily reported in Peking the loan will be used to finance the purchase of four 8,200 dwt ton container ships built in Shanghai. An Express Ship Management official confirmed the report

hut said that so far a contract has been signed for the purchase of only one container ship. The other contracts will signed by the end of 1984

at the latest.

The Macao Government could decide whether to build an international airport in the middle of next year, Sr Amilcar Martins, secretary for planning and public works, said, Reuter adds from

If a decision to go ahead is made, reclamation works could begin before the end

of the year.

He said the Government has received a feasibility study on an airport drawn up by the Givil Aviation Authority of China, a team from Frankfirst and Constillation. furt airport and Consulplano.
a Portuguese company.
The study offered options for an international and for a regional alroport. The former

Bonn, London cool on Airbus proposal for been granted export credits of U.S.\$54.6m by the Shanghai branch of the Bank of China, Reuter reports from

EUROPEAN Govarnments are three separate national groups cold-shouldering a much-publicised suggestion by Airbus in Airbus sales also work closely Industrie, the airliner manufacturing consortium, for a new pan-European export credit organisation to help finance aircraft sales abroad.

The description of banking consortia involved in Airbus sales also work closely ingethar. The present financing system, based on a minimum of 12 to 12.5 per cent interest rates on 10 year dollar credits to Airbus buyers aircady involves some

are involved in backing Airbus

so far have shown a cool Britain at the beginning of the year of insufficient financial because they oppose adding extra subsidies to existing arrangements to back exports.

The governments in London, Paris and Bonn are already arrangements to be ack exports. arrangements to back exports.

The governments in London, Paris and Bonn are already arrangements seem to bave making greater efforts to died since Gen Mitterrand the particle official in the three official export credit three official export credit three nation European system agencies—the Export Credit for agreeing Airbns sales Guarantee Department in the UK, Coface in France and Hermes in Germany—are in daily touch on the subject. Tha

would cost HK\$2.9bn (£250m) for reclamation and HK\$504m for construction

pan-European organisation to help finance aircraft sales abroad.

The idea was put forward at the beginning of the year by M Bernard Lathière, chairman of the four-nation Airbus Industrie, who called for a European version of the U.S. ExportImport Bank to improve coordination of Airbus exportfinancing and head off competition from U.S. manufacturers.

But the British and West German governments subsidies. The interest rates are shortly to be revised under the new guidelines for officially supported export credits just agreed at the OECD.

Both Boun and London are reluctant to make any more thorough going changes to Airbus export financing.

German governments — which together with France and Spain are involved in backing Airbus accused Germany and Britain at the beginning of the

Kuwait buys 12 Hawk jets

BRITISH AEROSPACE has won powers the Hawk a contract from Kuwait for 12 The Hawk has

The deal brings total Hawk export sales to 126 aircraft, with another 309 planned for use by the U.S. Navy in a training role. The RAF has 175 Hawks for training and light combat

The aircraft for Kuwait will be Mark 64s, for advanced flying and weapons training, and air

The Hawk has now flown Hawk jet trainer and light combat aircraft, worth over £60m including spares.

The deal brings total Hawk in the Hawk mas flow how has a safety record said by the RAF to be immatched by any previous jet.

The Hawk has cut previous trainer defect rates by np to 70 per cent, while maintenance manhours per flying hour have been halved. Fuel usaga has also been significantly reduced compared with previous genera-

and weapons training, and air defence duties, including an operational ground attack capability.

Rolls-Royce will share in the deal, as its Adour engine compared with previous generation training aircraft. The aircraft is also in service in Finhand, Indonesia, Zimbabwe, the United Arab Emirates and another, undisclosed, African country.

Portuguese bank signs Colombia finance pact

BY DIANA SMITH IN LISBON

PORTUGAL'S national development bank, Banco de Fomento Nacional (BFN) has signed a \$25m (£16.7m) financing agreement with the Finance Corporation of Colombia to cover sports of Portuguese capital goods or services to Colombia.

M Jean San Jeour, chairman of the Credit National de France, said that between 1967 and 1982 European investment in Latin America grew from \$10m to \$15m, But he stressed European investment there could and should be far greater. goods or services to Colombia. The agreement was announced during last week's five-day meeting in Lisbon of the Association of Latin American

Stressing the urgent need for greater European co-operation with Latin America Sr Ricardo Lovelace of the Banco Exterior de Espana, which is actively involved in Latin America, told the meeting that it was vital for the industrialised world to help find long-term solutions to Latin

America'a economic problems. More than half Spanish invest-ment abroad is placed in Latin America and direct Spanish Investment there has grown at a rate of nearly 45 per cent a year in the last decade.

The need for more foreign investment in the sub-continent was also stressed by Mr Rainer Steckhan, World Bank director for Latin America. Mr Steckhan called for four main tactics to

 Efforts to relaunch economic growth so as to creata more jobs;

• More direct foreign invest-

ment;
• Increased exports from Latin America to generate income to finance imports needed for nations must, therefore, resist the temptation to increase protectionism: The continuation of commercial loans despite the

India promises to uphold liberal import policy

\$300bn debt.

INDIA'S Finance Minister, Mr. Pranab Mukherjee, yesterday promised that the Government's promised that the Government's grant policy on imports of essential machinery and technology would not be changed because of balance of payments problems. The imports were needed to maintain the competitiveness of Indian Industry

Tha assurance was given in the wake of reports that the Government would ha forced to modify its liberal import policy introduced five years ago because of pressures on the foreign exchange reserves.

foreign exchange reserves.

Mr Mukherjee told the Forum of Financial Writers that the international economic environment was not conducive to India's requirements, particularly as the North-South dialogue had stalled and there was little hope of a reform of the Bretton Woods institutions such as the World Bank and the International Monetary Fund.

The minister was also disheartened by reports that the U.S. had decided to slash its contributions to the International Development Association (IDA), the World Bank's and a special state of the state soft affiliate which traditionally gives 40 per cent of its funds

If the U.S. limits its share to the seventh replenishment of IDA to fust \$750m a year and this was 25 per cent of the total, then the total size of the seventh IDA would be just



by news of the IDA

\$9bn, or \$3bn less than the current sixth IDA. This would affect the inflow of hard currency into India, which would have to rely increasingly on its

Mr Mukherjee was hopeful of a fall in the India trade gap to less than Rs 5bn (£326bn) in 1983-84 compared to Rs 5.7bn last year. This was mainly because of the reduced import bill for oil, domestic production of which has risen tonnes or more

PROGRESSIVE TECHNOLOGY.

Development Institutions (Alide) for which the BFN acts

FOR ENSURING EFFICIENCY.

Technology is the key to development and growth. The commitment to progressive technology ensures that high quality products are created more economically to meet the exacting demands of customers.

At Fiat we are maintaining our record of high investment in technological research and in the development of new manufacturing processes and techniques.

Above all there is a new sense of confidence born of a greater commitment to excellence: a revival of the values of efficiency and cooperation that have been a feature of Fiat's past.

Such are the conditions that are creating our cars, our industrial vehicles. agricultural equipment and trains - a whole range of up-to-the-minute products.

Now, as markets become ever more demanding, Fiat is revitalising all areas of its business to meet the challenge.

GROUP FIAT

A progressive enterprise at work.

Motorola to lift output with a £16m new plant

BY GUY DE JONQUIERES

MOTOROLA of the U.S., one of the which can be plugged into printed world's largest semiconductor manufacturers, is to increase its UK presence by building an aniomated microchip assembly line at its plant

in East Kilbride, Scotland.

The line, expected to be the most modern of its kind in Europe, involves an investment estimated at microchips at East Kilbride.

The new line, which will make extensive use of robots, is intended to permit Motorola to step no substan-tially its deliveries of finished microelectronic components in Europe. Last year Motorola's semiconduc-

tor revenues in Europe totalled \$252m, making it the third largest supplier in the region, according to Dataquest, the U.S. market research company.

At present, most semiconductor

manufacturers rely heavily on manual labour - chiefly at plants in the Far East - to assemble microchips by wiring them on to mountings circuit boards.

But output from manual asembly facilities has failed to keep up with worldwide demand for microchips, which has been surging strongly since last spring after three years of weak growth.

The bottleneck has become so \$25m (£16.7m). This is in addition to the approximately \$125m, which Motorola is already spending to double its capacity to produce raw precedence over plans to expand production there of raw microchips.

The assembly line is due to start operating next summer. The rush to bring it into service has meant postponing for six months the introduc-tion of Motorola's enlarged microchip wafer facility, now due to be-gin operating in 1985. Motorola, which also makes mic-

rochips at Toulouse, France, has recently increased its investment pro-gramme in Europe. It is building a film mobile radio factory in Ba-

singstoke.

The company had a worldwide turnover last year of \$3.8hn.

Kinnock gives close ally key portfolio on EEC affairs

BY OUR PARLIAMENTARY STAFF

MR NEIL KINNOCK, the Labour Party leader, yesterday showed that he planned an all-out campaigning effort for next year's European parliamentary elections by appointing his close ally, Mr Rohin Cook, to be spokesman on European parliamentary elections by appointing his close ally, Mr Rohin Cook, to be spokesman on European and Euro pean and EEC affairs.

Mr Cook, aged 47, organised Mr Kinnock's highly successful cam-paign for the party leadership. He will spearhead the European election campaign, which will be the first major electoral test of the party under Mr Kinnock's leadership. Mr Kinnock took over a month ago from Mr Michael Foot.

Mr Cook, who is MP for Edinburgh Central, shares Mr Kinnock's commitment to unilateral nuclear disarmament. He has shown an active interest in reshaping Labour's defence policy, without dropping this commitment, and was widely tipped for the defence portfolio. The reappointment yesterday of Mr John Silkin to this post caused some surprise and dismay among Labour MPs who considered him ineffectual during the last Parlis-

Mr Cook has never held ministerial office and as a newcomer to the Shadow Cabinet came only 10th in last week's party elections. He was apparently considered to have in-sufficient claim to such a senior



Mr Neil Kinnock

It is suggested, however, that if Labour's performance in the European elections shows a dramatic improvement on its abysmal 1979 results, Mr Cook may emerge with sufficient credit to warrant a rapid

Labour's commitment to withdrawal from the EEC has been subyear's general election - it now has the status of merely "an option." However, much of the left of the party remains committed to withdrawal and Mr Cook faces an uphill

foreign affairs spokesman and ap- four other jobs

pointed Mr Roy Hattersley, deputy party leader, as Shadow Chancello of the Exchequer. Mr Peter Shore is made Shadow Leader of the Commons and also trade and industry spokesman, Mr Gerald Kaufman becomes Shadow Home Secretary and Mr John Smith will speak on

Among the six newcomers to the team. Dr John Cunningham has been allocated the environment portfolio and will lead Labour's fight against government legislation to curb rises in rates (property taxes) and to abolish the metropolitan authorities.

Mr John Prescott, as transport spokesman will lead the opposition to government plans to privatise British Airways, London Transport and the port authorities and to impose tough new cash limits on Brit-ish Rail. Mr Barry Jones becomes Shadow

Welsh Secretary, Mr Michael Meacher has been allocated the stantially watered down since this newly combined health and social services portfolio and Mr Giles Ra-Mr Kinpock's readiness to accom-

modate the senior members of his team, such as Mr Peter Shore, does task in changing the policy without not appear to have extended all the being accused of selling out.

The standard of the being accused of selling out. heing accused of selling out.

As widely expected, Mr Kinnock neth Dunwoody, who wished to rehas retained Mr Denis Healey as tain the health portfolio, refused

Call for **Times** inquiry rejected

By Our Parliamentary Staff

THE GOVERNMENT last night rejected a call for a special inquiry to investigate Mr Rupert Murdoch's takeover of the Times newspaper group in 1981.

The move was called for by La-bour MP Mr Alfred Morris, who asked the Lord Privy Seal, Mr John Biffen, to look into evidence recently published by former Times edi-tor Mr Harry Evans, in his book Good Times, Bad Times.

Mr Evans alleged that Mr Biffen misled the Commons during a dehate on the takeover in 1981 on the grounds that he failed to fulfil his statutory duties by refusing to refer the deal to the Monopolies and Mergers Commission

He said Mr Biffen's presentation excluded certain sources of revenue and profit which affected the apparent viability of the Sunday Times.

Mr Biffen said yesterday that the material in the book did not add available to him and to Government

Yard must prove ability to meet deadline for rig

BY ANDREW FISHER, SHIPPING CORRESPONDENT

Clydeside, faces possible closure unless it can show this month that delivery of an \$86m drilling rig for Britoil can be made in January

The rig is well behind schedule and could be cancelled if the yard cannot prove the deadline can be met. Cancellation would leave it with hardly any work. It was state-owned BS's biggest lossmaker in the financial year to March 31 1983, with a £66m trading loss.

Lloyds Leasing, the Lloyds Bank subsidiary which is financing the deal, served notice under the contract terms that the yard now had 30 days to demonstrate that the rig would not be more than 300 days

Scott Lithgow, which employs nearly 5,000 people, is BS's main offshore yard. It has aready been estimated independently that the Britoil rig is about 500 days behind schedule, and the yard is also late with a rig for British Petroleum.

Mr Graham Day, BS chairman, is have already threatened an indus- tiated terms."

SCOTT LITHGOW, the British try-wide strike if BS insists on a Shipbuilders yard on Scotland's wage freeze as part of its jobshedding survival plan.

BS bas told Lloyds Leasing and Britoil that it does not want to renegotiate the price of the rig. Britoil which will be partnered in the rig venture by Ben Odeco, UK-U.S. drilling contractor, wants the semi-

ing off Shetland and Ireland. The first delivery date was April 1984, but a new time of January 1985, bas since been set. Slippage of 300 days is allowed for in the contract, with a penalty of nearly

submersible rig for deep water drill-

£20,000 a day. Britoil's joint managing director, Mr Malcolm Ford, said the company had sought to renegotiate the price rather than cancel the deal, but Britoil saw no chance of completion within the 300-day delay al-

He said that with BS unwilling to renegotiate, "we find ourselves with no alternative but to protect our interests by the commencement of the procedure for cancellation of the contract." Even at this late date, to lead the group's management in though, "we would still be willing to crucial talks with trade unions, who enter into discussions on renego-

Massey lifts cash for youth recruits

BY DAVID BRINDLE, LABOUR STAFF

TRACTOR manufacturer Massey Ferguson is paying Youth Training Scheme (YTS) recruits at least £74.60 a week - almost three times the specified YTS allowance.

The Manpower Services Commission says the top-up payment is by far the largest that has come to light since YTS started in Septem-

The premium payment applies to just 25 shopfloor trainees taken on at the Massey Ferguson plant in Coventry. But it has been enshrined in an agreement with trade unions at the factory and will apply to any future YTS recruits.

The agreement also entitles YTS trainees to full sickness and holiday benefits, requires them to join a union to maintain the plant's closed shop, and guarantees them a permanent job at the end of 12 months the last firm that would wish to go provided they have proved suitable. down this road."

Mr George Getlevog, Coventry district official of the Transport and General Workers Union, said last night: "We regard this as a breakthrough and will be quoting it to other companies who seek to have discussions with us on YTS.

The agreement stipulates that YTS trainees will be paid £74.60 a week at the age of 16 and £76.50 if they are 17. The payments represent the "rate for the age" as if the trainees were regular employees and will continue through the specified 13 weeks off-the-job training.

Mr Geflevog said the unions had

started to negotiate terms for a YTS ement on the premise that the £25 allowance was unacceptable. He thought the deal was surprising. "Considering the current financia plight of Massey Ferguson, you might have thought they would be

Mettoy toys group calls in receiver

BY DAVID DODWELL

METTOY, the UK's last surviving per cent of the subsidiary late last publicly-owned toy manufacturer, was yesterday put in the hands of receivers. It is best known for its Corgi toys.

A spokesman for the receivers, Deloitte Haskins, and Sells, said vesterday that the company would continue to trade while purchasers were sought.

It was emphasised that Dragon Data, the Welsh-based microcomputer manufacturer launched 18 months ago by Mettoy, would not be affected by the company's col-

Mettoy has struggled with con-tinuing losses and mounting debts since 1979. It has seen competitors such as Dumbee-Comber-Marx Lesney Products, and Berwick Tim-po collapse during that time. It falls into receivership itself despite major rationalisation over the past In the 12 months to December 31

1982, Mettoy reported losses of almost £4m, and debts of about £10.5m. Losses continue, but Mr Hansom would not provide more details. The receiver will be making a statement in due course, he said. Since taking office last year, Mr Hansom has sold Wembley Play-craft for £1.6m, and a warehouse for

Unable to fund the growth of pany to mount e £3.5m res Dragon Data, it floated all but 15.5 age earlier in September.

year, raising a net £900,000.

In February, he also organised a rights issue which raised £3.1m. All of these funds were used to reduce debt, but Mr Hansom conceded yes terday that they had not provided sufficient relief.

Mr Bernard Hansom, Mettoy's chairman since August last year -he was called back by the board having been managing director of the company between 1972 and 1976 - said at Mettoy's main factory in Swansea yesterday: There have been lots of ups and downs in the past 12 months, but prospects always seemed reasonable until re-

He said orders had been picking up as usual ahead of Christmas: "But the increase was not great enough to enable us to cope with present levels of debt," he said.

Apart from the main Swansea factory, the receivers will try to sell Mettoy's other subsidiary, an engineering company in Northampton, which makes die-cast components mainly for the motor industry.

Dragon Data itself has not been without problems. Urgent need for fresh funds for stock building ahead of Christmas forced the company to mount e £3.5m rescue pack-

Claims over Sellafield health hazard denied

BY ELAINE WILLIAMS

BRITISH Nuclear Fuels (BNFL) casting Authority about the "oneyesterday refuted claims made in a sided advance publicity" given to Yorkshire Televisioo documentary, that the Sellafield (formerly Windscele) nuclear power plant has caused cancer in children in Cum-

This evening Yorkshire Television is to show its programme cords. which will allege that the incidence which will alrege that the harder 10 statement in the programme that there is a hazard to children play-10 times the national average. In ing and walking in the Sellafield addition, the report commissioned by the telement company says that highest figures quoted in the propulational dust, a known carcines. et. has been found in houses in to be correct, children would have

ITV's programme. Methods employed by the television company's researchers, BNFL says, caused complaints about intrusion into privacy and allegations that FTV had acress to, and misused, private medical re-

"We particularly object to the area", says BNFL. "Assuming the et. has been found in houses in to eat 20 lb of dust in a year or sit in one tiny spot of a muddy estuary BNFL is to lodge a formal com-plant with the Independent Broad-mitted limits would be reached."

Could your any save over

Not just your company alone.

It's what British industry could save if all possible energy savings were made.

And that's what the Energy Efficiency Office has been set up to help you do.

Because nowadays with high fuel prices, energy costs are a real part of production costs.

And therefore a major consideration when estimating your profit margins and potential profit growth.

In a nutshell, a company that's not using energy efficiently just isn't as profitable as one that is. Energy costs are controllable and many companies are proving it every day.

Perhaps the first major step is to appoint an energy manager. Someone who's responsible for all your company's energy use.

By implementing specific programmes he can save you both energy and money.

Also if he's a member of his local Energy Management Group he'll keep up with all the latest ideas. (Contact the EEO for details.)

Secondly, an outside consultant will normally be able to identify measures which will quickly save you many times his fee.

Furthermore the savings are repeated year after year. If you like, the EEO can help pay the consultant. Contact us.

المراكز ال

Thirdly, there may be highly cost-effective

investments appropriate to your business which have been proved successful by the EEO's Demonstration Projects Scheme.

For instance if you are going to make changes in your production line you could install equipment to re-cycle waste products.

Information about heat pumps, waste as a fuel, automated energy management systems and many more applications of new energy-saving technology is freely available.

And the savings you will make aren't peanuts. We're talking about tens to hundreds of thousands of pounds that your company could save on energy every year. The EEO is there to help you achieve this.

As well as grants for Energy Efficiency Surveys we've booklets, training videos, special case histories and a complete regional advisory service. Why not send in the coupon?

With energy saving you're not just helping Britain, you're helping yourself to a

la	ar more promable future.
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Ì	Address
į	Tel
i	ENERGY EFFICIENCY OFFICE

Government presses for right of veto at Cable & Wireless

BY DOMINIC LAWSON

the international telecommunica- nationalised in 1947. tions company is calling on its shareholders to issue the Government with a golden share. The 'special rights preference share" of £1 will give the Government an effective right of veto against a "ma-terial disposal of assets" by the

Last week Mr John Moore, the Financial Secretary to the Treasury, told the House of Commons that the Government had in mind the sale of about half its stake in the company. At present the Government's 45 per cent stake is worth about C546m.

If the Government were to hold less than 25 per cent of the shares, it would lose its right to block changes in the Articles of Association. The golden share will ensure the continuance of those articles which limit the shareholdings of individuals and parties acting in conrert to not more than 15 per cent of the equity.

This is a political protection against the argument that in reducing its stake in C&W, the Government runs the risk of allowing an important strategic husiness to fall under foreigo control.

The special share, which is simi-lar to those held by the Secretary of State for Energy in Amersham International and Britoil, "would not confer any control over the company's commercial affairs", according to a letter sent to shareholders yesterday by C&Ws chairman, Mr Eric

The share also requires the company to ohtain written consent from the Government before certain events, such as a voluntary wind-ing-up of the company, or material disposal of assets by the company, could take place. A Cahle and Wireless spokesman said yesterday: "The Government gets a lot for its

The directors of C&W are also proposing that the company's articles should be amended so that the chief executive should be a British citizen. Mr Sharp said last nigbt that this was a requirement of the

CABLE AND WIRELESS (C&W), companys articles, before it was

 The Government yesterday reaffirmed its commitment to press ahead with its plans to sell 51 per cent of British Telecom (BT) to private investors in the autumn of next year. Guy de Jonquieres

Mr Kenneth Baker, minister fo information technology at the Department of Trade and Industry, told the International Chamber of Commerce in London that nobody should under-estimate the Govern ment's determination to privatise

theorganisation. This is a top priority for the Government and we are on schedule to achieve it by the autumn of next

Most of the opposition to the plan was coming from the Post Office Engineering Union whose members feared - wrongly, according to Mr Baker - that privatisation would lead to iob losses.

Mr Baker is understood to have inserted the remarks in his speech after press reports at the weekend suggested that the Government was

considering postponing the sale. BT said yesterday that it wanted the planned flotation to take place as quickly as possible after the Telecommunications Act became law to avoid a lengthy toterim period in which it would be neither a nationalised industry nor a public limited

It had consistently advised the Government that the autumn of next year was the best moment to sell the shares, and had received no indication that the Government planned to depart from this timet-

Meanwhile, reports that the Gov eroment was studying proposals to privatise the Post Office before the BT flotation were widely dismissed in Whitehall yesterday.

Though the Government has considered the Post Office as a possible candidate for privatisation, it is understood to have concluded that it would be difficult to sell the organisalion because of its obligation to provide lossmaking services in toner cities and rural areas.

Tax haven measures to be reintroduced

BY ROBIN PAULEY

THE GOVERNMENT yesterday indicated its intention to reintroduce in next year's Finance Bill measures to tighten the rules on tax havens. These had to be dropped this year when the early calling of the general election forced the 1983 ensure that no charge to tax will Bill to be cut to its hare essentials. Bill to be cut to its hare essentials. All the measures on controlled foreign companies covered by the lost clauses 44 to 52 in the 1983 Bill

are again being considered for inclusion next year, with some minor

The main one is that the f983 Bill involved calculating the charge to corporation tax on the complicated basis of "notional UK tax". fnland Revenue press releases at the time suggested that the Government would have changed this at the posed on certain UK resident com-

portionment of chargeable profits. This change is maintained in the

These moves on controlled for-

eigo companies were designed to end the tax advantages to UK companles from what the then Chancellor of the Exchequer, Sir Geoffrey Howe, described in this year's budget speech as "accumulating surplus cash balances in tax havens overseas." The new rules will mean British corporation tax can he im-Bill's committee stage so that the panies with interests in UK con-

Warning to retailers

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

the current huoyancy of retail trade may not continue into next year.
We are experiencing the final leg
of an unsustainable consumer boom," say the brokers. "With consumer spending still re-

fusing to comply with the funda-mentals and die, a cheerful retail Christmas seems assured, says Capei-Cure Myers. "But we remain convinced that next year will he much more difficult.

The hrokers emphasise that they

proposals for next year. In addition, a new provision is proposed - which was also indicated in the March press releases - to controlled foreign company for a 12-month period do not exceed £20,000.

THE OUTLOOK for retailers in are predicting a slowdown in the 1984 is "much more difficult," acslump in consumer spending similar to the cuthack in 1980 and 1981. cording to a leading firm of stock-Capel-Cure Myers has sent a cir-The latest trading figures from the John Lewis Partnership, a large cular to its clients pointing out that stores group, show that the colder autumn weather has belped to

> Sales in its department stores were 13.7 per cent higher in the week ended October 12 than in the same week last year. This is slightly above the average for the last three months - which indicated a 13.5 per cent increase - and well above the store group's budgeted in-crease for the half year of 11.9 per

Campaign to cut energy costs by £7bn

BY MAURICE SAMUELSON

MR PETER WALKER, the Energy Secretary, yesterday launched a campaign to cut Britain's energy bill by £7hn a year, or about £20m a day.

Mr Walker, whn took over the energy post last month, indirectly charged his predecessors with not taking the issue seriously

The Energy Department is es-tablishing for the campaign an energy efficiency office. A born-again version of the department's old conservation division, it is now endowed with the power

£25m car

orders at

motor fair

CARS WORTH more than £25m are

estimated to have been sold during the 10-day Motor Fair which closed

at London's Earl's Court at the

Attendance at the hiennial show

was about 30 per cent higher, at over 300,000, than in 1981. "It de-

monstrates that Londoners want

their own show and that Motor

Fair, where the manulacturers'

dealers sell and take orders on the

stand, is the right format of it," said

a spokesman for the show orga-

The UK's "official" motor show, at

Birmingham's National Exhibition

Centre, is also hiennial, alternating

with Motor Fair. But it is a manu-

facturers' show, organised by the Society of Motor Manufacturers

and Traders (SMMT), Motor Fair is run by the Independent organisa-

tion, Philbeach Events, in associa-

tion with the SMMT and the Motor

Jaguar reported taking orders for about £750,000 worth of cars; Lotus

sold 25 vehicles, Rolls-Royce eight

and Aston Martin six of its Lagon-

Volume manufacturers such as

One of Britain's smallest manu-

facturers, bowever, claimed to have

done most business: Panther Cars,

rescued from receivership three years ago hy a South Korean busi-

ness group, reported taking orders

for 120 of its two-seater sports and

Austin Rover each reported orders

das, including an £85,000 version.

Agents' Association.

worth about £1m.

London

to "co-ordinate" other ministries energy-saving programmes. According to Mr Walker, it has the personal backing of the Prime

The office, to be headed by Mr Bill Macintyre, a 40-year-old civil servant who nnce worked for British Petroleum, will spearhead n natinnal publicity campaign aimed at industry and the domestic user. The budget will be about £15m.

Mr Walker said at a press conference that, in coming months, ministers would visit 40 towns

The resumption of trading is the

result of a new special accounting scheme devised by the Customs and

Excise Department in an attempt to

exposed to value added tax (VAT)

The new scheme, drawn up in

Market, will enable dealers to pay

all the VAT due on gold coin trans-

actions directly to Customs and Ex-

cise if they wish, rather than to the

Union (POEU) claimed to be legally

entitled to destroy private competi-

a QC said in the Court of Appeal in

But all telephone engineers were

protected by a job security "no re-dundancy" agreement with British Telecom, Mr Robert Alexander

Mr Alexander, arguably the most

eminent and reportedly the most

expensive. QC at present practising in the courts, bad been brought in

to lead the challenge by Mercury

Communications to the High

Court's refusal to grant temporary

injunctions stopping the union's in-

dustrial action against the compa-

London vesterday.

nsultation with the London Gold

cut down the risk of dealers being

frauds by gold smugglers.

seller as they do now.

and cities throughout the country. Exhibitions would be mounted in major shopping centres, backed up by leallets, press advertisements and direct contacts with industry, commerce and lo-

cal authorities Asked why this would not turn nut to be "just another exercise in exhortation," Mr Walker replied: "Because all my previous exercises in exhortation have been successful, such as my Food for Britain campaign." (He was formerly Agriculture Minister). He also expressed his surprise on becoming Energy Secretary at

sumes today in Britain after a to resume gold coin dealing with of the clampdown on smugglers and three-month halt caused by rising fears about fraud.

The same yesterday in a diey method of the clampdown on smugglers and the public from today, subject to partly because of the crash in the their normal internal procedures value of gold last month to below

for approval of individual custom-

Before the new VAT payments scheme was devised. smugglers

were able to make substantial prof-

its hy bringing untaxed gold into Britain and selling it to authorised

dealers with the 15 per rent VAT

charge huilt into the price. Normally, the seller of the gold was liable

to pay the VAT to Customs and Ex-

cise, but the smugglers simply pocketed the VAT as extra profit.

Johnson Matthey Bankers, Samuel Montagu and Sharps, Pixley, all timated to be running at £100m, hut members of the London Gold Martin that stailed off this year to an estimated to be running at £100m, hut and Excise discover they are in possession of it.

Telecom dispute appeal starts

THE POST Office Engineering ading the court that it was immune it in certain tightly drawn circum-

from legal sanctions because it had

a genuine dispute based on its fear

aldson, Master of the Rolls, and his

two fellow appeal judges that the is-

sues raised were not only funda-

mental to Mercury's survival, but

also of importance to industry gen-

erally and to industrial and employ-

The POEU had objected to Mer-

cury being granted a licence to com-pete with BT, and had consistently

ndicated an intention to destroy

Mercury.
It had not told the High Court of

the joh security agreement, of which Mercury bad learnt by

chance," only last week.

Gold coin trading resumes

PUBLIC TRADING in gold coins re- ket, said yesterday that they intend

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

tors of British Telecom (BT) in or- that the sale of BT to the private

der to safeguard its members' jobs, sector would lead to job losses.
a QC said in the Court of Appeal in Mr Alexander told Sir John Don-

ment law.

discovering the enormous scope for increasing energy efficiency.

Most of his predecessors in the past five years have been content to delegate the main responsibility for conservation to a junior minister. They have also gradu-ally distanced themselves from the hard-hitting campaign launched by Mr Tony Benn under the "Save It" slogan in the closing months of the last Labour

Under Mr Benn's Conservative successors, Mr David Howell and Mr Nigel Lawson, it was claimed that prices were the main

mated £10m. This is partly because

value of gold last month to below \$400 an ounce. Earlier this year it

purchases in April last year. This

making their own gold bars from

zero-rated krugerrands, selling a

little above the equivalent gold

price, and then claiming back 15

Only registered dealers will be el-

igible for the new VAT scheme.

Even if they use the scheme they

will still be liable to have contra-

stances. There was no suggestion

that it was not still hinding, or that

agreement in the union's evidence.

even though its inclusion would

There was, bowever, abundant

evidence that the union was wholly

against any attempt to privatise the

totally antipathetic to the prevail-

ing political policy of privatisation.
It was an essential part of the

nications Industry and

situation. Mr Alexander said.

There was still nothing about that

per cent VAT on the illegal bar.

VAT was introduced on gold coin

was above \$500.

mechanism for controlling demand for energy.

Mr Waiker made no mention of the price mechanism yesterday. He dwelt instead on the cifect which better energy use. could have on prices, rather than vice versa.

• The National Council for Voluntary Organisations (NCVO) yesterday welcomed the energy efficiency office as "a new opportunity for action." The NCVO op-erates a national programme un-der which formerly jobless peo-ple help to insulate homes of low-income households.

UK to act on illegal technology export

By David Buchan

THE UK Government has set up a special squad of nine Customs and Excise investigators and three tech-nology specialists from the Department of Trade and Industry to stem the illegal flow of militarily sensi-tive technology to the Soviet bloc.

The move comes in response to growing criticism this year by the Reagan Administration that its al-lies have been lax in enforcing multilateral technology controls agreed in the Paris-based co-ordinating Committee (CoCom), which groups most Nato allies and Japan.

It was obliquely referred to last week by Mr Norman Tebbit, the UK Trade and Industry Secretary, in a statement in which be was critical of export control legislation now before the U.S. Congress. He said Britain fundamentally shared the U.S. Administration's concern for proper" controls to ensure Western security, and it had recently taken further steps towards "effective enforcement" of CoCom rules.

The British Government was stung this summer by what it saw as misplaced criticism by U.S. officials that Britain was lax in controlling sensitive high technology. A particular problem which Britain has, UK officials point out, is that Heathrow airport is the largest air cargo transhipment potot in the world and that not all the cargo there can be minutely scrutinised.

union's campaign that Mercury should be destroyed so as to discourage other private competitions, Mr Alexander suggested. Nevertheless, UK officials note with satisfaction that a recent to-adequately documented shipment Asserting that the High Court had both misappreciated the facts of CoCom-embargoed equipment, General Motors, is expected to an-

expected to boost tyre sales

New law

By John Griffiths

THE UK's depressed tyre manufac turing and retailing industry is ex-pecting a boost in sales from tougher legislation on minimum tread deptha which came into effect at midnight lest night.

The legislation, which carries penalties of up to £1,000 per tyre for nfringement, requires a minimum tread depth of from in a continuous band over at least three-quarters of the tyre's width and a visible pattern over the remaining quarter. For cars, fines of up to £500 per

tyre apply, with a possible licence endorsement. The penalty is £1,000 per tyre for commercial vehicles, buses and coaches. There was some criticism from

manufacturers yesterday that the Government had given inadequate publicity to the new measures. They said it was less than for the compulsory wearing of front seatbelts, introduced this year, although the penalties under the new egislation were far higher.

However, the industry has taken action of its own. Michelin, the UK market leader, launched its own poster campaign and says there has already been a noticeable increase in sales

The National Tyre Distributors Association has launched a "free tyre check" campaign at its 2,500 member outlets. Yesterday, it said that some depots had been "absolutely immdated" by motorists seeking to beat the November 1

The NTDA welcomed the new legislation and pointed out that the Automobile Association representing motorists, was already pressing for tyres to be replaced when the tread depth reached a minimum of 2mm.

The legislation offers some relief for an industry beset by problems of weak demand and over-capacity throughout . Europe caused to a large extent by the advent of the radial tyre, which has doubled mileages attainable compared with the cross-ply.

About 13.5m tyres were sold in the UK replacement market last year and 1.15m the commercial vehicles market. Some industry estimates are that this year replacement car tyre sales will rise to 14.8m and those for commercial vehicles to 1.8m. · Vanxhall, the UK subsidiary of

nounce record car sales for October when official registration figures

Last week the union, which is instructing its members to refuse to connect. Mercury to the public telephone network, succeeded in persuphone network, succeeded in persuuxury cars, worth £2m. Last week the union, which is inthe next Motor Fair will take structing its members to refuse to luxury cars, worth £2m. apparently dispatched by the U.S. place at Earl's Court in October, connect Mercury to the public teleon purpose to "test" enforcement, was delected. Doubts over Sir Paul Scoon's right to ask

MUCH SPECULATION has centred on the precise role played by Sir Paul Scoon, the governor-general of Grenada, in inviting American forces into the tiny Caribbean island and in subsequently accepting the bean islands, became an associated

to form a new administration. Whatever the facts about Sir Paul's actions during the past four weeks, there remains much obscu-

rity about their constitutionality. The difficulty begins with the precise status of Grenada following the unconstitutional overthrowing of the lawful government under the premiership of Sir Eric Gairy in March 1979. Until then, Grenada had developed from British colonial status to full independence via the status of one of the associated

states of the West Indies Grenada was acquired by cession to the British Crown by France hy been conquered the previous year.

A representative assembly was granted in 1763, but full constituent power was restored to the Crown in 1876.

From 1880 to 1962, Grenada was governed, with its own legislative and executive councils, as part of the Windward Islands colony constituted in 1880. From 1936 to 1962 it was a member of the West Indies Federation, which was then dis-

solved. At the break-up of the federation. Grenada, with other British Carib-

for intervention in Grenada

invitation of the U.S. Government slate with a governor as the Queen's representative. Its constitution made full provision for the pro-tection of fundamental rights and freedoms, for the office of governor, for the composition and powers of the legislature, for cahinet government and for a separate citizenship as and when the status of association ended.

Grenada became an indecendent member of the Commonwealth in February 1974 with the Queen becoming the Queen of Grenada and the governor becoming governorgeneral as the Queen's representative in a constitutional monarchy, Under the new constitution of 1973 the Treaty of Paris in 1763, having the governor-general assumed the role of the sovereign's representative, acting largely on the advice of the island's Prime Minister, with few prerogative powers left.

Had the 1973 constitution survived, the governor-general could have invited foreign troops into the island, hut only so if advised hy his Grenadian ministers or possibly if a vacuum of governmental power had

So long as the lawful government nained in power he would have had no right to take the initiative of

Any request to him or to the Queen to allow outside Intervention would have had to be referred to the sovereigo's ministers in Grenada. The goveroor-general could take no initiative himself.

On March 13, 1979, the Government of Sir Eric Gairy was over-thrown by a People's Revolutionary Government under Mr Maurice Bishop, which promulgated certain People's Laws. One cynic at the ume commented that these were *Episcopalian laws, inlaws, out-laws Mr Bishop, in declaring the Gren-

ada revolution on the grounds that Sir Eric had violated and ahused the democratic process under the guise of constitutionality, proclaimed that the Queen was to remain head of state and that her representative would continue to be the governor-general. The proclamation went on to state that he "shall perform such functions as the People's Revolutionary Government

may from time to time advise."

The 1973 constitution was torn up, with the promise of a new constitution to be submitted for popular approval hy referendum, al-

tution were specifically revived. Apart from a few, rather inconserelation to appointments to public office, the governor-general was told to exercise his functions only on the advice of the new Cabinet, or of a minister acting under the general authority of the Cabinet.

The People's Law No 18 of 1979 repeated a constitutional provision that the Prime Minister should keep the governor-general in-formed about the general conduct of government and furnish him with any information on request. In practice, the governor-general was to be no more than a figurehead with only ostensibly the powers of a

constitutional monarch.

When Mr Bishop and his close cahinet colleagues were kidnapped and killed, Sir Paul Scoon was powerless to act other than on his own initiative in a territory which still owed allegianre to the Queen as head of state. The British Government had

since 1974 no constitutional role to play in Grenada's political life, ex-cept as an interested partner among the members of the Com-

Apart from a few, rather inconsequential powers of the governor in only stand and watch what Sir Paul decided to do on his own.

ft is doubtful whether, constitu-

tionally, Sir Paul had any right to ask for intervention, either from the other countries in the Caribbean or from the U.S. Since the country has become chaotic and was subjected to military rule, Sir Paul in law ceased to be the sovereign's representative.

In practice he took the only action he could to spare his country from chaos and disaster. But legally he did so as Grenada's leading citizen and not in any constitutionaleapacity.

ft appears that Buckingham Palace was kept informed of events up to the time of invasion by the American forces, but disavowed any involvement of the Queen in any deci-sion hy Sir Paul to invite other nations to intervene. Personal sympathy for the governor-general's pre-dicament would have been the extent of the Queen's involvement.

Once the invasion had taken monwealth. The Queen, as Queen of Grenada, could not look to her ministers in the UK for advice, and is now being asked to form a new

administration for the island his willingness to be involved is not as the Queen's representative but as the leading citizen of Grenada.

When constitutional government is restored to Grenada, it may be that the Queen will be asked to resume her role as Queen of Grenada.

But until that happens she will regard her erstwhile constitutional position as having ended, and with that ending goes also Sir Paul's previous role as her representative.

From the time in 1974 when Grenada ceased to have associated status and became independent, Sir Paul, as governor-general, was in no way answerable to Her Ma-jesty's Government in the UK. Doubtless, though, during the recent troubles in Grenada the Foreign Office was concerned to cushion the embarrassing effect that the developing situation was having on the Queen as Queen of Grenada.

The Grenada affair has once again pointed up the anomalous po-sition of some of the politically unstable countries within the Commonwealth which desire to retain the sovereign as their head of state. ft is one thing to nurture the loose ties of membership of the Commonwealth; it is another for the Queen place, the last vestige of formal to be embroiled in the constitutional crises of Commonwealth mem-

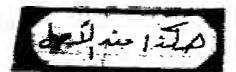
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THE ARTS

Art/Pollok Park, Glasgow

A collection worth waiting for

William Packer reviews the Burrell gift

It is now nearly 40 years since the Glasgow City Fathers, with a characteristic caution not unmixed with actual misgiving, accepted Sir William Burrell's accepted Sir William Burrell's offer of his extraordinary collection of works of art as an out-right gift to lhe city of his birth. There were, of course, to be conditions, and Burrell him-self, already well into his 80s. was not the easiest of men, all but impossible to persuade, and inflexible when crossed. He was determined that the collection, in all its richness and variety, should be kept together in an appropriate building, designed or converted for the purpose, in a rural setting removed from the atmospheric pollution of the City, but not so far as to be out of common reach. All this the City was to provide, as its part of the hargain; and bargain part of the hargain; and dargain it most certanly was, the fruit of a long lifetime of assiduous and discriminating hargain-bunting, and at that time, early in 1944, with another 14 years of collecting and some of the juiclest items still to come, by no means fully ripe.

no means fully ripe.
Such was the doty the City took upon liself, and we can see the difficulties well enough; but, even so, 40 years is a very long time, and the first response to the appearance at last of Sir William's collection, as a selection. William's collection, as a collec-tion, in its handsome new and

tlon, in its handsome new and special home, can only be that it is hardly premature.

In his useful blographical study, "Burrell: Portrait of a Collector" (Richard Drew: £12.95 hardback, £6.95 paper-back), the Keeper of the Collection, Richard Marks, makes the point unambiguously, "Tragically it was his greatest act of generosity..., which soured the last years of his life and left him embittered as well as rather lonely, The source of as rather lonely. The source of the trouble was the sinding of a suitable site . . ." Burrell died in 1958 with the matter still imresolved, though it was clear by resolved, though it was clear by
then that his conditions were
not immutable should a the city, taxis are cheerful but
reasonable proposal be made.
Five years later the Standing longish walk from the main
Commission on Museums and
Art Galleries found that nothing had changed, and said so.
"Nothing could be more obvi"Nothing could be more obvi"Standings". The fool leaves

Lord Rosse, the Chairman put it more bluntly to the Daily Express: "This is a national scandal. It is the most severe lapse that we have discovered. Here we have this magnificent collection which has been languishing in packing cases for the past twently years without anyone having the backbone to do something about it..."

Now at last things did begin to move, slowly. Almost im-mediately the Lord Provost suggested the Pollok Estate as suit. able, but a firm decision could only wait upon the question of the eventual numership of that Estate itself; and Mrs Maxwell Macdonald was not to give it, and its House, to Glasgow until 1967, An architectural competition was amounced in 1968, the brief published in 1970 the petition was announced in 1968, the brief published in 1970, the winners (Gason, Meumer and Andresen) declared in 1972, the the money to build secured in 1976, the building begun in 1978 to be declared open by Her Majesty The Queen in late October 1983. Such is the fate that attends public benefaction in this country, and who is to say what we all might lose, may indeed unknowingly have already lost in unmade gifts, by the example.

the example.

To say as much is not to deny at all that Glasgow has at last done justice to Sir William's own generosity, the building a fine work of discreetly modern architecture, the three principal thoms from Hutton Castle Pure. rooms from Hutton Castle, Bur-rell's Border estate, faithfully reproduced as required by the deed of gift, the several collections substantially on view, though by no means exhaustively so, bandsomely and for the most part sensibly set out. the most part sensibly set out. Rather it is being so very well done that makes that long, gruding delay seem not so much unnecessary as hizarre. There are problems still, for the funding by the City to run the place is not now adequate to a full programme of exhibitions and is insidiously and variously inhibiting besides: which seems a pity after all that has gone before and we must hope for an early settlement. And, a word of warning, public transport has yet to come to terms with this wonderful new treat. Pollok is three miles from the centre of onsiy contrary to Sir William's traordinary. The final legacy intentions than the present deplorable situation." amounted to some 8,000 objects of all kinds, from ceramics to



The Rehearsal by Edgar Degas

It is through just one such arch, from Hornby Castle by way of Randolph Hearst, that

we enter the Collection proper, moving through to the primary displays of Egyptian, Greek, Roman and Chinese antiquities

in the galleries that succeed each other open plan along the

windows.

architecture to paintings to sculpture to suits of armour to carpets and tapestries, stained glass and embroldery; and hardly any of it has been shown before, only the paintings kept on show at the admirable City Art Gallery and Museum at Kelvingrove and the items lent to special exhibitions by Burrell in his lifetime and by his true. in his lifetime and hy his trus-tees since, tha rest packed up, crated and stored away.

It is one thing to collect within a narrow range of taste, within a harrow range of laste, interest and expertise, quite another to exercise the nicest judgement across so many cultures, periods and disciplines, to bring together what is effectively no personal miscellany but a collection without parallel in content of the property of the property of the property of the parallel in content of the property in scope and quality outside our in scope and quality olitide our great national institutions. There are gaps, of course, and clear preferences, but overall the quality sustained within each special field is remarkably consistent, and astonishingly high. And yet Burreli was no academic manque: his eye was quite untitioned his experted. quite untutored, his preferred source of experience and advice.

ending it only shortly before say, are a little disappointing, his death at 96, which gives it expectation being so high, sound an acrive span of rather more than eighty years. Different exceptional: the exquisite Degas an acrive span of rather more than eighty years. Different things preoccupied him at different times, of course, hat it would seem that medieval European art of all kinds most expensive thing Sir always engaged him. Stained William ever bought), the glass, panelliog, cellings, tapestries, furniture, even actual architectural features and fragments, all were indifferently, judiciously and advantageously acquired, and thus he furnished his rooms at Hutton with particular and prime examples, incorporating some of them his rooms at Hutton with particular and prime examples, incorporating some of them even in the very fabric of the house. The three rooms reproduced consciously celebrate the practice, as elsewhere in the new building does the installation of medieval doors, arches, windows.

So it goes on—wonderful Persian ceramics, the stained glass, not perbaps the most successful of the displays, the French and Burgundian tapestries which are quite splendidly shown as are the Persian

shown, as are the Persian carpets, the furniture passim. and all the glass and plate and silver. There are some mindbeoding transitions to make from time to time, and some thing of the natural muddle inevitable in any general museum arrangement, but the source of experience and advice. In the galleries that succeed what little of it he was ever each other open plan along the prepared to take, the saleroom and the dealer's gallery rather than library or museum. At least the dealer, so be always felt within a comforting practicality, was always directly answerable through his pocket for any mistake.

In the galleries that succeed museum arrangement, but the space is light and easy, the display not over-copious, the the far end, beyond the gothic wisit not at all exhausting. It will be interesting to see how of the palnitings, and the magnificent Bellini Virgin and Child, arrangements and adjustments as small painting on a vast wall, are made, for it would be hard to suppose that the ideal has at last into the internal galfor any mistake.

at last into the internal galbeen bit upon straight away:

He began his career as leries, the pictures first. And but it is a happy and convincing collector whilst still a boy, the pictures on show, I must start.

John Ogdon/Elizabeth Hall

Dominic Gill

There were a few reminders ment of the Hammerklavier rhythmic control with sudden, during John Ogdon's recital slowly, with unusual deliber-unpredictable lightning-bolts of on Sunday of the uncommonly gifted planist we knew in the 1960s; but they were not powerful enough, or frequent for very long. He chose a cliegro, and the whole manner tion of an absolutely reliable programme of savagely taxing wirtuosity, opening with Beetwirtuosity, opening with Beetwirtuosity wirtuosity wirtuosity wirtuosity wirtuosity wirtuosity wirtuosity wirtuosity wirtuosity wi virtuosity, opening with Beet-boven's Hammerklavier sonata, and ending with seven of Liszt's Transcendental Etudes.

It cannot bave been a wise choice. The best playing of the recital by far came in the slower, less physically demanding music; whenever the pace quickened, the performances threatened, and occasionally fulfilled their threat, to come seriously off the rails.

Ogdon took the first move-

ation: from what was later re- impressive command. vealed it is probably lucky that There is no surer recipe for he did, for there were no disaster than to attempt to play setious mishaps, though the

Liszt's Transcendental Etudes

very raison d'etre of the works slow movement was full of things which by the light of tradition and the composer's score are absolutely "wrong"—not least in matters of dynamic and pedalling—but it was, of its kind, an all uncommising, single-minded view.

Strang and haid appears for the works is their virtuosity: fumbled from page to blurred page, as Ogden fumbled them, his foot glued to the sustaining pedal, they sound like notbing more than a sequence of embarrassing pianistic gaffes. It is sad to have to report as much; but it have to report as much; but it Strong and lucid, genuinely would be disservice, and a pro-affecting in its naked intensity. found discourtesy, to an attist the finale was a heart-stopping of auch transparent and admirswitchback, alternating territy-ing memory-lapses and loss of thing less than the truth.

The Old Vic reopens

Antony Thorncroft

The newly restored and modernised Old VIc theatre in south London opened again last night with a preview of Blondel. a new musical by Tim Rice and Stepben Oliver which has its official first night on November

"Modernised" may be the wrong word for a bullding which has been refurbished, both outside and in, to its appearance in around 1880. It is now a picture book Victorian theatre, with restored boxes light colwith restored boxes, light col-ours, and much silver and gold decoration. But the actuat interior has been transformed to allow much better access and movement and more comfortable seating.

ants, one of his main activities in his native Toronto, along with the five storey discount store which was the basis of

pteled in 10 months by Kyle
Stewart, working to designs by
Renton Howard Wood Levia
Partnership. The cost of £2m
was paid by Mr " Honest Ed"
Mirvish, a Canadian busioessman who bought the theatre, site unseen, in August 1982 for £550,000.

As well as the Old Vic Mr Mirvish also owns a substantial site alongside the theatre which will be converted into restaurants one of his main activities.

In the productions will be bought in for six week scasons: the Old Vic will not initiate shows.

So far 6,500 have been sold through the scheme and purchasers will be seeing, as well as

chasers will be seeing, as well as Blondel. Timothy West in Master Closs, a Canadian version of The Mikado, Saturdoy interior has been transformed store which was the basis of Night at the Palace from the bis fortune.

Mr Mirvish also owns the Johannesburg Albert Finney in Royal Alexandra Theatre in 5erjeant Musgrare's Dance and Toronto and he is adopting the a revival of The Boyfriend.

London Philharmonic/Festival Hall

David Murray

Shostakovich's Eighth Sym-Birmingham Symphony under the composer's son last week at the Barbican, and on Sunday with Gennadi Rozhdestvensky conducting the LPO. That doesn't sound like good commer-cial planning (and the house was not full on Sunday) but at least the comparison between Haitink's powerful reading and Rozbdesivensky's — I did not hear the Maxim Shostakovich

tbeatrical. After the shrieking might well find this near-climaxes of the earlier move-ments, the slow Passacaglia was Russians can take puzzling phony is a sombre, disturbing climaxes of the earlier move-work, and yet we have had three ments, the slow Passacaglia was different performances of it numb and shell-shocked (the here in less than two months: by feeling was perfectly suggested the Concertgebouw under and sustained); something like Haitink at the Proms, by the wan hope stirred in the Finale, and the shimmer of the closing chord might out have been a will-o'-the-wisp.

Haltink's powerful reading and Rozbdestvensky's — I did not hear the Maxim Shostakovich account that Andrew Clements praised on this page—was fascinating.

Haltink was solid, calmly implacable, unshowy; the doubt-ful consolation of the Finale seemed utterly despairing. Rozhdestvensky almed at bigber drama, though the impact of the music was much more than increased about the one approach, the tempi heavy. Mozart's trumpets and drums made to seem almost out of character. Miss Postnikova used Alfred Schnittke's cadenza in the first movement, compounding puzzle-ments that Shostakovich uses so under that Shostakovich uses so unasi-development over sweep-hard—piccolos, E-flat clarinet, for Rozhdestvensky almed at bigber drama, though the impact of the music was much more than the first movement, compounding puzzle-ments that Shostakovich uses so unasi-development over sweep-hard—piccolos, E-flat clarinet, for Rozhdestvensky almed at bigber drama, though the impact of the music was much more than the first movement, compounding puzzle-ments that Shostakovich uses so unasi-development over sweep-hard—piccolos, E-flat clarinet, for Rozhdestvensky in the tempi heavy. Mozart's trumpets and drums made to seem almost out of character. Miss Postnikova used Alfred Schnittke's cadenza in the first movement, compounding puzzle-ments that Shostakovich uses so unasi-development over sweep-lard puzzle of the music was much more than the first movement, compounding puzzle-ments that Shostakovich uses so unasi-development over sweep-lard puzzle of the music was much more than the first movement, compounding puzzle-ments that Shostakovich uses so unasi-development over sweep-lard puzzle of the music was much more than the first movement, compounding puzzle ments that Shostakovich uses so unasi-development over sweep-lard puzzle of the music was much more than the first movement, compounding puzzle seemed utterly despairing. Rozhdestvensky almed at bigber of the movement of the first movement, compounding puzzle seemed utterly of the forced about the one approach,

Russians can take puzzling attitudes to Mozart, and the performance of Mozart's last C major Piano Concerto, K. 503, was a case in point. The soloist was Rozhdestvensky's wife, the enormously musical Victoria Postnikova—but oddly subdued Rozhoestvensky stamped and reticent for this bold, athletic work. Radio 3 listeners character, where Haitink had seemed to let the music develop liself; since there was nothing forced about the one approach. the tempi heavy, Mozart's trumpets and drums made to seem almost out of character.

January opening for Dallas museum

list of the most notable 101 American art Bonnard, showing that the collectors for Connoisseur Maga-collector had not hesitated to zine, only two of the names start over in the same field, but came from Dallas. But both of them, Algur Meadows and Margaret McDermott, were active in the Dallas Museum of Art and contributed to a promote more money than taste. Having ject that wil result in the open-

He was an inspiration, 25 attested to by the humiliation of being swindled in 44 purchases in a 55-painting Impressionist collection. Rather than reurn to the nilfields from which his money came, he invested, within a month of the revelation of the fakes in 1967, another \$2m for 13 Spanish Southern Methodist University in Dallas. After his death in 1978, 38 contemporary and Monet Vuillard, Pissarro collector had not hesitated to indications of where future start over in the same field, but wings will go, with acknowledgement that the present Meadows gave the wealthy of collection, 10,000 pieces strong

learned in swallow their pride ing in January of a new \$35m in the early forays in the art high a shorty of 2 new 355m in the early locays in the 2rt building for the museum.

Algur Meadows, number 33 world. Dallas collectors soon made art enough of a source of on the Hoving list that begins with the Mellon Family and ends with J. Paul Getty, was for the new museum go to the ends with J. Paul Getty, was for yoters with the alogan, "A Dallas more than a benefactor. great city deserves a great museum.

Though Algur Meadows made his money as the head of General American Oll Company, the wealthy of Dallas are not so beholden to oil as me would expect. Mrs McDermott, a former museum chairman, owes and computers of Texas Instruments, a company her husband founded to provide measuring devices for oil exploration. Her Impressionist collection has

useum intends to grow. Tours of the building include

needs augmenting, even in areas of strength. Steven Nash, the chief curator, says that strengths will be accentuated and weaknesses overlooked since "It is hard to build a decent department in medieval painting in this day and age." Designed by Edward Larrabee Barnes the new structure is a handsome hoxy limestone complex capped by a central arch. Inside and out, the arch provides a distinctive profile for the main gallery, a 40-foot chamber giving unparalleled distinction to the contemporary works of Frank Stella, Robert Rauschenberg and Claes Olden-burg meant for permanent work, Stake Hitch, was comfive in its first year, including some exquisite oriental objects missioned for the site as a the late paintings of Bonnard and the museum is rich in prestake with a 20-inch thick rope as "The Shows Acc."

When Thomas Hoving, Impressionist paintings were already been given to the suspended from the ceiling. A year ago, the museum had former director of the Metro-donated to the Dallas Museum and provides one of Originally Oldenburg was going a large show of American works politan Museum of Art, recently of Art, including works by the foundations on which the to put three giant nails sticking held by Dallas collectors. The into the ceiling and visible from the outside disfiguring Barnes' arch, but more temperate heads prevailed, so that the stake goes into the floor and can be seen, hy special arrangement, pro-truding under the museum loading platform in the cellar. The new museum also gives the curatorial staff a permanent gallery for travelling shows. Dallas has been enthusiastic about visiting exhibits, a programme nurtured conscientiously by Harry Parker, the 43year-old museum director, with surveys indicating, for instance, that the two-month El Greco exhibit earlier this year enhanced Dallas's economy by \$9.7m. "a figure greater than the financial impact of the largest single convention held in Dallas in the past year." Visiting shows will be empha-sised even more in the new

museum guaranteed the lenders anonymity, provided proven-ances for all the works, and gave their works the prestige of a show at a major American museum. The museum will not get all those works as donations, but It will get some and Steven Nash was "amazed at what we learned about the quality of works in private collections, right here in Dallas."

Books do not have to be handled to deteriorate, as the Already \$25m in art has been promised or given to the museum sinre the new build-ing was cooceived. It was given Frederick Church's "Iceburg." the painting bought anonymously at auction four years ago for \$2.5m. It holds Edward Hick's famous Peaceable Kingdom, a nineteenth century American naif work of llons lying with lambs, along with examples of Matisse. Modigliani and Rembrandt, Mr and Mrs Columbian pottery
FRANK LIPSIUS

The British Library/Antony Thorncroft

a serious conservation problem.

More than a quarter of the Reference Division's annual budget is spent on binding and the important pre-1800 collections a quarter of a million preservation, and yet with a volumes need attention. The collection of over 10m volumes. bludery, staffed with experts

disintegrating dummy spines on doors masquerading as cases Physical conditions in the Museum have never been ldeal. The particularly large number of sad volumes in protective envelopes on the upper gallery of the Reading Room indicates the serious effect of a slight rise in temperature. Overcrowded books damaga each other on the shelf, but those farmed out to other repositories can age 25 years in the journey to Great Russell Street if a reader needs them. The move to St Pancras and

and new publications arriving who can exactly reproduce a every day, only a fraction can lith century headband and be treated. the original tools, can hope to their original condition. And books have become less durable; those printed since the introduction of wood-based paper in the mid-nineteenth century age much more quickly than early books.

filming projects are of growing

The British Library is facing a controlled environment will consulting a copy rather than the original. An Important development is the new "Book Scanner and Digitizer" which converts the contents into digital form without affecting the volume, and which should be in production by the end of the year.

> Mr Nicholas Barker, deputy director of the Preservation Service, indicated the size of the problem when he said: " It is our responsibility to preserve not only the Gutenberg Bible. but also last week's Honey. What appears ephemeral and insignificant today may be very The recently formed Preser- useful to tomorrow's social vation Service, headed by Dr historian. Carlyle once com-David Clements, is attempting plained in an article in the to find the most effective use Westminster Review that a vast for limited resources. Micro-collection of material on the Importance. Although also him because the "respectable microfilming and photocopying damage the book, increasingly readers will find themselves yet got round to cataloguing it.

Opera and Ballet

LONDON

Royal Opera, Covent Garden: the Royal Opera's second postwar production of Mussorgaky's Boris Godunov (original version) is produced by the Russian film director Valery Tarkovsky and conducted by Claudio Abbado, with Robert Lloyd in his first attempt at the title role, Gaynne Howell, Eva Randova, Mikhail Swetley, and Philip Langridge English National Opera, Conseum: the new EVO Ring begins with Valkyrie, o home-team effort (David Pruniney producing, Mark Elder

Pruntney producing. Mark Elder conductingl, sung by Anthony Raf-fell, Linda Esther Gray, Alberto Re-medios and Jesephine Barstow. Further performance of Monteverdi's Orico in David Freeman's love-or-hate-it production; Last of Rienzi, and unexpected hit in Nicholas Hyp ner's Namedress version; and revival of The Tales of Hoffmann, a peren-

noi Colliseum pleaser
Royal Opera, Covern Garden: The Boyal Ballet brings in a new triple bill,
and shows Makarova in A Month in the Country (Fri. Wed), and in Val-untaries (Thur). Manner is on show (Tue) with Merie Park, and Swan Lake (Suil

Magricio Ragel: A musical epic about the Devi Theatre de Chamot Salle

Precini's 'Madame Butterfly' conducted by Alain Lombard in o Teatro Communale de Florence production with Raina Kabaivanska/Helene Garetti as Madame Butterfly at the Paris Opera (2865022)

'Vive Offenbach' conducted by John Burdekin, produced by Robert Dhery at the Opera Comique (2860611)

NEW YORK Setropolitan Opera (Opera House): The sixth week of the centenary season features the first perfor-mance this year of Don Giovanni with James Morris in the otle role.

with Edda Moser as Donna Anna,

conducted by Jeffrey Tate, along with La Bohème, La Traviata and La Forza del Destino. Lincoln Cen-New York City Opera (New York State Theatre): Tosca, Turandot, Aladama Butterfly, Carmen, Candide, and Les Pecheurs de Perles. Lincoln

Center (879 S70)
he Student Prince (Light Opera of Manhattan): William Mount Burke's production turns Sigmund Romberg's Heidelberg into o lively background for Prioce Karl's tuneful love of Kathie (Ends Nov 20)

PRINCELS Ta Passion de Gilles': Philip Boes-mans's new opera, conductor Pierre Bartolomee with Peter Gottlieb and Carole Farley as Gilles de Rais and Joan of Arc. Theatre Royale de la Monnaie (Sun)

Lucia di Lammermoor/Geneva

Andrew Clark

Geneva is Lucia di Lammermoor, in a staging that first saw life in March at La Scala, Milan. With one exception - Lajos Miller's coarsesounding Enrico - Geneva bas assembled a new cast, but the evening breathes the same unfulfilled air as

before. It would have taken an exceptional Lucia to lend the production real distinction. June Anderson is certainly very good. She is young, fresh-looking; there is not an ugly, shrill or unnatural sound; indeed she has the ideal vocal combination of purity, directness and tenderness for Regnava nel silenzio and ber Act II sorrows, as well as the kind of unforced agility that leaves vocal colour intact during the exhibition

Dassages. But there is something missing. She shows little dramatic contrast or development in her use of gesture and voice between Acts I und

The opening production of the moved The perfect Gilda, perhaps, season at the Grand Theatre in but not the warmth, emotion and

These are precisely the qualities that threw Peter Dvorsky's Edgardo into sharper relief with each succeeding scene. Without doubt he is international-class - the voice may be a little small, but it has a piercpropriate lyrical quality for the du-ets. These and the larger concerted

As in Milan, the quality of secondary casting was weak, and the Geneva chorus leaves much room for improvement. In the pit, Nello Santi was full of bustle and precise technical direction as usual but - in common with his Rossini Barbiere, which ended the season bere in June - the results are inconsistent. Ill; her sobs are too obviously artifi- In spite of some graceful string accial; her Mad Scene left me uncompaniments and wind solos, the

general orchestral response is flab-by and sluggisb, and the theatre's dry acoustic lays hare the orchestra's balance and ensemble problems in such a long, slim pit.

The staging itself is one of Pier Luigi Pizzi's least successful creations. By juxtaposing a series of buge velvet green pillars on a steep ing edge, a ringing top and an ap- ly raked stage, he has pared down the decor in an attempt to create visual economy and atmosphere, passages - including a highly culti- but it ends up inhabiting a monoto vated Act II closing tableau - were nous world somewhere between a the evening's principal points of dis-monastery. a mausoleum and an outsize pool table. The brooding, barren gloom of the highlands is its The rest was extremely erratic, most suggestive aspect, coupled with authentic tartans, bonnets and an approximation of the highland fling and sword dance during the wedding-night merrymaking (though for some mysterious reason, Enrico wears a sporran only in Act II). Chorus movement is studied

> Geneva improved on La Scala's effort in giving the opera uncut.

> The Act II scene between Lucia and Raimondo, and the Wolf's Crag scene at the start of Act III do not add uncomfortably to the evening's length; they contain levely music, and both scenes enrich the dramatic cohesion and continuity of the opera. There is no excuse today for omitting them.

Pack of Lies/Lyric

Michael Coveney has put together an insinuating

Remember Gordon Lonsdale and the Portland spy ring? Ah yes, it goes to show that there was hot stuff in the newspapers before the Profumo affair. A little street in Ruislip became the unlikely nerve centre of intelligence operations in the autumn of 1960, as surveillance agents installed themselves in the front bedroom of an ordinary suburban couple to watch Lousdale coming and going on his weekend visits to the Krogers across the way.

Hugh Whitemore is ecomplished television writer and his first stage play. Sterie, about the Palmers Green oracle Stevie Smith, fashioned a compelling drama from an exact observance of suburban minutiae. In Pack of Lies, he has hit on excellent material to consolidate his stage reputa-

they were the parents of journalist Gay Search - inhabit a set by Ralph Koltai that is a muffled riot of period kitsch, from its pebble-dashed exterior wall to the cheap kitchen furniture butting on lo the statutary three-piece suite, standard lamp and leatherette pouf of the living room.

Using the device of direct spotlight address to fleck the eight years and, in domestic action, Mr Whitemore peared to Poland).

piece which hardly raises its references to Gilbert Harding; voice but succeeds in conveying to the fate of the Rosenbergs. a friend's trust.

Vernon's calm and silky civil Mr Vernon's shortle overcoat, servant crosses the humble the brown Bakelite wireless, threshold with inappropriate the shoulder-high door handles. references to the family silver, the Jacksons are subjected, in the mildest way of course, to a thumb-screw treatment appealing to their decency and shadow behind net curtains whose life is turned upside down by her unwitting choice of friends.

Mr Jackson, in Michael Wil-The Jacksons - in real life liam's beautifully judged account of a little man caught uneasily between attitudes of accommodating subservience and anxious optimism, survives the crisis, as does the O-level swotting daughter (Eva Griffilh) despite a final outburst.

> Mrs Jackson died of a heart attack shortly after the Kropers

There are neatly evoloding the pain of betrayal. Not the the 1950s' atom spies (in a betrayal of their adopted short blitz of a memo from country by the Krogers, but Mrs Kroger); and to the re-the betrayal by Mrs Jackson of search programme at Portland search programme at Portland.

From the moment Richard Visual texture is supplied by

It is all carefully, arifully, managed. Watch, for instance, how the Kroger bonhomie is chillingly shattered us Barbara patriotism. The agony is all Leigh-Hunt senses something Mrs Jackson's, and she is odd at last to Miss Dench's superbly portrayed by Judi bottled, snivelling farewells; Dench as a nervous, lurking and how a Christmas party is just about saved from disaster by Mr Kroger's (Larry Hoode-

koff1 urgent interruption of his

wife's tipsily unleased family

Miss Dench has rarely done anything so tight or so moving.

Her one good friend is the

anecdote.

cause of a dead weight on her stomach, and the floppy, carpetslippered housewife becomes the teceptacle of unmanageable anguish. The pattern on the wallpaper is finally tragic. This is a most remarkable evening: received prison sentences of 20 occent in sentiment and in years (they were released after Clifford Williams's adroit proeight years and, in 1969, disap-duction, powerfully and surprisingly substantial

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FINANCIAL TIMES

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Tuesday November 1 1983

New chance for MULTINATIONAL companies round this world panies round this world property in the panies round the world property in the panies round the world pa Argentina

return to the democratic process. The convincing majority obtained by Sr Raul Alfonsin's Radical Party is the best possible outcome both for Argoritan and the interest of the control of Argeotina and the international

Argentina now has a fair chance of establishing a solidlybacked elected government to deal with the enormous political and economic problema resulting from seven years of Incompetent military rule. A demoralised nation has the chance to recover national pride chance to recover national pride sorely bruised by the disastrous Felklands venture. Abroad Argentina can now begin to refurbish its image, tarnisbed by abuse of human rights and the accumulation of a huge foreign debt foreign debt.

The election campaign in its closing stages boiled down to e contest between the Radicals and the Peroniats. The Peronists treded almost exclusively on a nostalgic evocation of the mystique of the late Geoeral Peron's populism. While Argentines affection for Peron'a socielism retained an emotional appeal, his latter-day helrs lacked charisms and internal

The party fielded e dull compromise candidate, Sr Italo Luder, who could not paper over the Peronists' deep divisions. Many potential supporters were frightened away by the party's endorsement of authori-tarianism, its record of collaboration with the military and the more thuggish elements thet ran much of the administrative machinery, especially the powerful tredes union apparatus.

Personality

Presenting bimself on a moderate social democratic pletform, Sr Alfonsin accurately gauged that Argentines had matured beyond such a primitive form of party. In the end there has the proposed it was less the policles proposed hy Sr Alfonsin and more his own personality as an honest politician untainted by military rule, committed to a pluralist parliamentary system, that won

the day.

Sr Alfonsin weaned away some Peronist trades union suport and showed that the Peronists no longer enjoyed a monopoly as the champions of social justice. This was a con-siderable ochievement because he started out the campaign and outcome of these Argen-heading a party that was tine elections are a lesson to labelled too middle-class. In the difficult task ahead, this, tary all too often have sought coupled with Sr Alfonsin's personal triumph, should provide The results are likely to have
an important element of repercussions well beyond

On paper the Peronists still represent e strong opposition force. If they ally with the armed forces, they could destablise the democratic process now about to be established. They still also to live down a process for a leave to live down a leave record for violence. However, the party has heen rudely shaken. It will take time to adjust to the shock of no longer beiog the dominant force in politics after almost 40 years. The Peronists therefore bear a

the results of the polla. The key to the immediate future will be whether or not Sr Alfonsin succeeds in eatablishing the spirit of national reconciliation that he is advocating. The very size of his victory enables him to he magnanimous, and removes some of the uncertainties that surround the transition of at least a month before the mili-

tary band over power.

For the militery the message has been unamhiguous: they should return to their barracks. Since the Falklands war they have lost the stands war they have lost the stomach for gov-ernment even though they atili regard themselves as self-appointed guardiana of the nation's destiny. Sr Alfonsin faces an uncomforteble confrontation with the military in deal-ing with human rights abuses and investigations into corrup-

Foreign debt

The other immediate problem is getting to grips with Argen-tina's inflation and the negotiations on \$39bn foreign debt. Here be is going to need the support of the Peronist-controlled trades unions in carrying out unpopular econo mic measures. Union opposi tion may prove weaker than enticipated because of disaffection among rank-and-file members with the leadership.

Trades union reform is itself a major priority for the Radicals. On the Falklands, Sr Alfonsin

is going to he tough and nationalistic, But of all Argentine politicians he was the one who publicly disowned the invasion and is on record as wanting to sit round the nego-

Dual key is not the issue

THE DEBATE in the House of appeared to be neither intellect Commons yesterday on the nor experince among the Tory deployment of cruise missiles in Britain was in many ways a re-run of last week's discussions on Grenada. The same two broad themes emerged. One is that Britain is a member of alliance. The other is that Britain is a member of muclear escalation, which he is that Britain is a member of muclear escalation, which he is all may have been devised by an alliance. The other is that an alliance. The other is that medievel schoolmen. it retains e certain amount of Mr Heseltine let himself natinnal independence. The down with the following state-fundamental question is how ment: "If we are to impose the two can be reconciled—physical control on American the obligations which go with all the political undertones thet implies, in

deployed but wbether or not there should be a dual key sys-tem of control. Such a system would mean that the Americans would be physically unable to unleasb the rockets without the express consent of the Britisb

should be the slightest doubt about the answer. In the cir-cumstances where the firing of the missiles might become a possibility, there woul dalready bave been extensive consultations hetween Britain and the U.S. and the rest of the alliance. If thoe circumstances were ever to arise, the idea of peusing for a debate I nthe House of Commons or for the holding of a couple of opinion plis to tell the pliticians what to think. is ludicrous in the extreme. That fact may be unpleasant, but it is part of the wider fact of re-llance on nuclear weapons. The dual key debate is an irrele-

Questions

out having a single constructiva ces should the alliance fail is proposal of his own. Yet there bardly an act of faith.

lng American cruise missiles, that they help to preserve the independence of the British nuclear force.

old and less accurate systems. The other is that they are in response to a relentless arms build-up by the Soviet Union.

Both justifications, however, have to be seen in the context of the need for arms control and of the need for arms control and of the need to preserve the Atlantic Alliance. If alther of those aims is lost sight of, it will not be surprising if public opinion begins further to doubt the wisdom of relying on nuclear weapons for defence.

It should atill be possible to msintain e strategic halance of power between the U.S. and the Soviet Union. The possession of independent nuclear forces. like the Britiah, complicates Questions

There are, however, other questions. Mr Michael Heletine, the Defence Secretary, rightly caatigated Mr Denis Healey, the ahadow spokesman, yeslerday for having "all the intercept and the process of the intercept and the second of the intercept and the second of the intercept and the matter, which is why we have long queried the decision to buy Trident But the issue that is really at stake is really at the intercept and the matter, which is why we have long queried the decision to buy Trident But the issue that is really at stake is really at stake is really at the intercept and inte intellect, all the experience and past few days have shown the none of the integrity needed for need for greater consultations Over this issue and within the alliance. The British over Grenada Mr Healey has Government's determination to been devastaling, though with stick to its own nuclear defen-

desire to preserve national order to mett British opinion, sovereignty. It becomes even what possible argument is there harder to answer when, as in the case of Grenada. allies fall out. out.

The particular issue debated yesterday was not so much whether the missiles should be deployed but whether or not diaturbing argument for accept-

nleasb the rockets without the xpress consent of the British overnment.

It is surprising that there hould be the slightest doubt bout the answer. In the circuit of the ci

their forces to try to kill off a system of taxation that has spread rapidly through the individual U.S. states in recent

complaining about the system-known as unitary taxation—for decades. The U.S. Federal authorities have in the past tried to outlaw it, and failed. Now foreign multinationals and even governmenta are pressing

In Florida, which had planned to introduce the system, there are signs this week that this pressure may be causing the state to think again. More than 100 businessmen have now written to the Coverne service. written to the Governor saying that they will drop plans to build plants in the state if the unitary tax system goes ahead. Under unitary taxation, a U.S. state can levy tax on a propor-tion of a company'a worldwide income. The proportion depends on bow much of the company's operations is estimated, by the

state, to be in its territory. Different rules used by tha states to reach the relevant proporlions mean that companies find themselves likely to be taxed on well over 100 per cent of their income. If the method were to apread hoth within and beyond the U.S., the multinational structure could hecome uncompetitive in husiness terms.

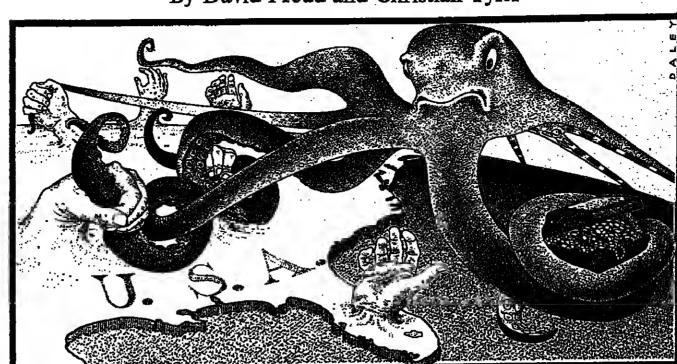
Five years ago only three states, led by California, actively used the system; now there are 13 operating, or planning to operate it. Already con-cern is growing that countries like Nigeria and India could be attracted to the method.

Until recently, multinationals have been mainly exerting pres-sure by making well-publicised statements of their refusal to contemplate investing in a uni-tary tax stete. Some manufacturing operations have even been closed down overtly for this reason. Indeed, New York has decided to drop the system because of its negative impact on new investment. But such little impact on other states, which have pleced a higher priority on the short-term revenue-boosting benefits.

So the focus of the campaign has switched to the Federal level. Foreign companies and governments are linking up with domestic concerns to put pres-sure on President Reagan to

wanting to sit round the nego-tieting table with Britain. The advent of Sr Alfonsin to the presidency should be noted in Downing Street as a positive change which one day could let Britain off the burden of its fortress Falklands policy. More generally the history and outcome of these Argen-tine elections are a lesson to Latin America. where the mai-American Tobacco, has actually benefited from the system. Because its Californian profits were higher than the relevant proportion of its worldwide in-come, the company admits it has saved "several thousands of dollars" by having its subsidiary there classed as "unitary." Party that the Federal authorities the dice are loaded in favour of the states in this method—is efforts to persuade the Supreme

Mr Reagan's taxing problem By David Freud and Christian Tyler



UNITARY TAXATION

'U.S. states are exasperated by the multinational octopuses'

as the wsy the unitary system has proliferated is the reason it pays e firm of Washington lobhyists about £100,000 a year on behalf of a British pressure

For President Reagan the row must appear less an irony than a cruel dilemma. On the one hand be derives substantial political backing from soma of the hig U.S. companies which have been hit by the tax method. On the other, he obtained considerable impetus for bis presidential victory in 1980 from a wave of tax protest movements which succeeded in squeezing many states' revenue-raising powers.

Last year's New Federalism programme, launched by the President with a grand fanfare as a boost to state powers, also increased the financial pressure on the states by transferring Federal spending ohligations to

Indeed, several states have responded by turning to unitary taxation of companies as the easiest short-term route to meet steps in to curh them, he risks cutting the roots of his own political support. Last month the President

Last month the President attempted to define the row by setting up a working party to investigate the whole problem again. In this way he rejected the unanimous advice of his Cabinet Council on Economic Affairs to support legislation in Congress aimed at curbing the use of unitary taxation.

that California now says it made Court in reconsider a recent a mistake in calling BAT a unl-milestone verdict in favour of

tary company and is claiming the principle of unitary tax. Not back taxes on the conventional assessment basis. BAT's concern at the wsy the unitary system has proliferated is the reason it pays e firm of Washington returned home bitterly disconstitutional area. And multinationals have switched appointed.

Following the rebuff, the rhetoric among foreign com-panies has been stepped up a notch. Plans are afoot for European chambers of com-merce to combine in exerting ssure on their governments to retaliate against targets such Europe.

this kind has already been tried by the British pressure group, The Unitary Tax Campaign, which put forward a clause for the 1983 Finance Act denying credits on advance corporation tax to U.S. companies operating in Britain whose beadquarters are in unitary tax states, But such threats look hollow in the context of the political

ticular state.

as well as their natural concern to defend their taxing rights, to defend their taxing rights, the states' tough approach to multinationals—both American and foreign—has been fuelled

The motives of the U.S. states in switching to unitary tax are far from being purely incial. The system is simpler them to operate and makes it easier to check what a company's tax bills should he. The switch has been fuelled by a growing exasperation at the apparent ease with which the multinational octopuses have been able to run rings round local tax authorities.

Over tha last decade the use of tax havens by international companies has soared, as companies have switched profits

HOW THE SYSTEM WORKS

UNDER "UNITARY" TAX, a company's worldwide activi-ties are treated as a single "unit." If a state considers a company to he unitary, it makes an assessment based on worldwide income using a formula to decide what pro-portion of the income it is entitled to. This approach contrasts sharply with the traditional method under which companies are taxed only on the actual profits earned by their operations within the borders of a par-

The formula for deciding on the relevant proportions varies from state to state. In California the formula is based on three ratios: of Californian turnover to world-

wide turnover, Californian assets in world-wide assets and Californian payroll to worldwide payroll. The average of these three ratios is the proportion of a com-pany's worldwide income which is then subject to Californian tax.

The unitary system was designed in 1926 to apportion the profits of railways which crossed state lines. Subsequently it was applied to companies whose operations were less integrated, and the expanabroad brought these activities into the global formula. In the last decade or so, foreign multinationals with establishments in states like California have also been descreed into the ref. dragged into the net.

One traditional way in which multinationals have switched profits round the world to take advantage of favourable tax regimes has been by manipulating transfer prices. Companies in different countries—or states—under the umbrella of the same multinational can trade same multinational can trade
with each other at prices which
leave profits in the most
convenient location for tax
purposes. The tax authorities
way of countering this—by
insisting that prices are fixed
as if the subsidiaries are
completely independent— has
not been very effective.

Naturally, multimationals hardly welcome a new system of taxation that reduces their room for manoeuvre on this front. But their detestation of front. But their detestation of the system is much more family rooted than this. The compliance costs are high, although presumably these would come down once the necessary acounting systems had been installed. More important is the inherently arbitrary nature of the tax; it makes little sense for a profit-related tax to he imposed on a company operation that might, for instance, be imposed on a company opera-tion that might, for instance, be loss-making.

Moreover, each state is free to choose a formula that is blesed in its own favour—and invariably does. This inevitably swells the global tax charge that multimationals face.

Among the variations on the tax twice in some circumstances. California formula (see box) is —precisely the thing they are that applied by Florida, where now complaining about payroll and assets each count. Since U.S.-UK trade flows are only sales in its formula.

Since the courts have thus far given the states the right to

use any "reasonable" method of apportionment and have not even defined what a "unitary business" is, states can pick and choose which corporate affiliates to tax in a manner most profitable to them.

While New York, now planning to drop the method, has applied the worldwide combined reporting system only to all companies, Alaska has used at for all corporations but oil

Multinationals want unitary exation limited, at least so that only their U.S. operations are subject to it. They say it is not just a matter of reducing their tax burden, but of remov-ing an obstacle to further direct investment in the U.S. Some have even threatened to cancel projects. Britain, with some \$28bn worth of U.S. assets, is the biggest investor. Holland has a hig interest through Shell. Unilever and Philips, Japan and Canada are also prominent in the campaign.

Mr Akio Morita, Sony's chair-man, wrote to Mr George Shultz, the U.S. Secretary of State, this summer to say he regarded unitary tax as "grossly inequitable," and that unless the Administration acted "investment and trade relationships will be seriously and adversely

Mr Morita has also declared that Sony was obliged to halt further investment in its San Diego television plant, had ruled out California as a site for a videotape factory, and had put its magnetic tape factory in Alabama mainly because Alabama was not a unitary tax

However, any threats of taxa-tion retaliztion against U.S. companies could back fire. A UK law to introduce such measures would breach the non-discrimination clause in the U.S.-U. Double Tax Treaty of

1980. The Federal anthorities, with whom the treaty has been signed, have not been discriminating against UK companies. So retaliatory moves by the UK Government would true the US covernment would true the US covernment. would give the U.S. every justification for then declaring the treaty null and vold. According to senior Inland Revenue offi-cials, the repercussions of this for British companies would be little short of disastrous.

The U.S. Internal Revenue Service has a proven reputation as the toughest taxing authority in the world. On many occasions the Inland Revenue has had to come to the support of UK companies in dispute with the IRS, quoting the treaty in order to extricate them.

UK multinationals understand how exposed they would be without that protec-tion. And they would, of course, find themselves paying

for 25 per cent of the weighting, and sales for 50 per cent the biggest after those between the U.S. and Canada, the conwest Vinginia counts only payroll and assets while lowa uses almost mithinkable. So the almost unthinkable. So the threat of retaliation looks pretty empty—and Washington knows that only too well.

Men & Matters

Bide a while

At precisely 11.30 em yesterday, chairman Sir Austin Bide opened an extraordinary general meeting of BL. At 11.36, one sharebolder arriving late from the sticks was looking distinctly miffed. Blde bad just closed the

meeting.

Force of habit tends to link
the letters BL end EGM with the letters BL end EGM with others spelling drama — which is perhaps wby nearly 50 private shareholders turned up.
But in this case, BL was simply getting rid of a technicality to unlock the last of its promised funds from the

Government, its reluctant hnt 99.7 per cent owner. And, wisely, the other 60,000 private holders atayed at home. The meeting formally approved a resolution under which BL can issue £200m worth

of sharea to the Government et the 50p per or prevailing market price, whichever is higher. Under a 1981 resolution, the shares trading above par. Thanks to Metro and Maestro, they yesterday stood at 63p. So BL is about to get its last public contribution of £200m to put towards the cost of its new Jaguer, the XX executive car—and presumably the £750 rent of the Cafe Royal's Louis suite for a few minutes.

Short answer

Employees of Norway's largest industrial group, Norsk Hydro, have started a whip-round to pay e £20,000 fine imposed on the company by the Norwegian Employers' Association.

Not that Hydro is short of a Not that Hydro is short of a sensor partner of morgan trying to get rid of stocks of krone or two, as crane operator. Stanley. Stanley. Stanley. Carson, who studied Arabic. A district commissioner of a gesture of support and at Oxford before going into gratitude." For Hydro has banking, stresses that Chemibeen fined because it agreed to call's recent reshuffle had nother that the colour would tone in

40-hour week to the 37.5 hours had made up his mind last most suitably with Islamic worked by its white collar staff winter that he wanted a change relies in his district.

—without reducing pay.

The staff of the

during the next wage bargain-ing round, in the spring.

Johannessen, who started passing the hat around for Hydro at one of its plants in eastern Norway, hopes all tha group's factories witi contri-bute. "The fine must not frighten other companies from doing the same thing," he says. It does not seem to be doing ao—some smaller companies have already fotiowed Hydro's

Chemical formula When Walt Shipley took over as chairman and chief executive of Chemical Bank last month, the bank decided to duck the question of who should be his number two by appointing not one but three presidents.

This avoided hurting the feel-ings of anyone in the newly-

is quietly moving out to W. M. Sword, a low-profile Princeton investment banking firm, set up in 1975 by Bill Sword, a former senior partner of Morgan

NAF says it has imposed the largest fine allowed under its rules because Hydro's move breaks the hours and wages agreement between the association and the trade unions' federation.

But NAF would have liked to keep the concession of shorter hoors as a card to play during the next ware bargain.

tricky equation of who will eventually emerge as Shipley'a deputy. Leblond has only a year on two to go to retirement, ao that brings us back to the three presidents: Bob Callender, bead of world banking. Tom Johnson, who manages the group's treasury, or Bob Lipp, who has master-minded the group's ao far successful foray into electronic banking. into electronic banking.
Carson's own conclusion is that there is little need for a single president. As the bank

has become s more diverse financial services organisation, lts senior management is being increasingly modelled along the lines of e German vorstand or a Swiss bank's committee of roughly equal general managers.

Brown study

This avoided harting the feelings of anyone in the newlypromoted management team. But it did raise another question about what the bank's two vicechairmen, Dick Leblond and Bill Carson, were supposed to be doing. Both men have been at the top of the bank for a long time.

This avoided harting the feelings of the newlyshop owners in the past few days have heen freshly painted in an unusual shade of dark hrown. Shop-owners had heen told that they faced possible fines and a two-month shutdown unless they browned their shutters hy today.

Sword, a low-profile Princeton

The order turns out to have been a boax—begun, police suspect, by paint manufacturers trying to get rid of stocks of unpopular brown paint.

Despite Government denials that any order had been issued, painters have been working overtime to cope with the sudden demand for their services.

Ladders were rented at five times the normal rate and ft is now hard to buy a tin of hrown paint anywhere in the

Civil action

Having dragged Ireland's bureaucrats out of their tradi-tional anonymity, public service minister John Boland agems to be doing his best to ensure there is no relapse.

First he ordered civil servants to sign official letters with their own names and wear identifica-tion badges when dealing with the public. Now be has taken steps to discourage them for running for cover in other offices by banning payments of "disturbance money" previously made for such transfers.

The civil service which, typically, had a precise scale of payments ranging from Ir£200 for a move of less than a mile to over Ir£600 for shifting more than five miles, is said to be "deeply disturbed" by Boland's move.

Mouthful

My thanks to New Yorker magazine for this vivid extract from the U.S. Congressional Record: " With at least \$263bn already obligated to be spent by Con-gress over the next 40 years on public housing, we have dug a deep trench by obviously biting off more than we can chew."

Observer



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Business Services for the Business Executive.

Letters to the Editor

Throwing the baby out with the industrial bathwater

From Mr Austin Mitchell, MP entirely with the government.

Sir,—The critics of my rebultal of the Law of One prices has little, if anything, to lacking. It is possible to create want a discipline and have imprice (October 11) have both do with the theory of wages and a spiral of decline as well as a posed it through depression and the control of the law of the

Mr Cyril Smith confuses nominal and real exchange rates. By quoting figures only for the Dollar and the Yen he misrepresents the increase in the nominal rate. The appreciation of Sterling against the Deutsche Mark between March and October was four times the government's norm for pay increases this year even though we are running a deficit of over £5bn in trade in manufactit to earn an internationally tures with Germany. This is competitive real rate of return, indeed insane. The respon- It is being killed by exchange sibility for crippling British and interest rates and the im-industry in this way lies position of a discipline which

prices used by the international monetarists to justify the pre-sent policy of throwing the industrial baby out with the inflationary bathwater.

I find it equally difficult to accept that the Director of Studies of a body calling itself the Trade Policy Research Centre really believes that British industry is being "crowded out" by the refusal of organised labour to permit

green to prove to the world that they were still in York-shire despite what the new

artificial so-called counties—let

against distributors in terms of

tax treatment, specifically on capital allowances, is ended: The procedure for handling planning applications works

more smoothly than in the past.

It is interesting that the Gov-

ernment has recently conceded

that the retailing sector does have a grievance on capital

allowances, although they appear to be reluctant to do anything about it on grounds of

. It is interesting, too, that the

the retail sector in recent years.

D. L. Wilkinson. Chief Executive Officer.

Price.

I therefore make no apology for giving Mr Wolf the rough edge of my tongue. The four million who have lost their jobs as a result of political prejudice as a result of political prejudice dressed up as economic theory would expect no less. Our rulers have weakened the nation politically by destroying it economically. We no longer count because we have failed and only oil hides the consequences of that failure.

All this has been done to re-establish what the perpetra- House of Commons. SW1.

process of continuous causation and unemployment without and both bely the Law of One realising that this kills bope. and investment with it, leaving industry whose highest ambilion is to survive and not now to expand and compete for markets where our competitors are still doing well selling what we once made. The number of long-term unemployed is now three times higher than the inter-war peak. It will rise to five times under this government. That is a crime against humanity and against Britain. Life without hope, jobs or prospects is living death.

Austin Mitchell

Home is where you name it

Sir.—As a former resident of Croshy, Lancs, now living in what used to be Warwickshire, I wonder if I can look at the metropolitan counties issue from a new angle. I have been following with great interest the arguments for and against the abolition of these counties and the GLC and your survey today (October 28) was particularly helpful. However, all the views of the residents of horrors were pre-1974 and—horror of horrors—he told us that some villages and the GLC and your survey today (October 28) was particularly helpful. However, all the views so far expressed seem to be politically or economically motivated and I wonder if I can put the historical will of the people point of view.

This was best shown in your when the desire of the people of the Wirral to return they came in 1974, was stated. When I visited the British cemetery in Corfu earlier this year I saw the grave of a sailor killed in the last war, from Wallasey. Cheshire. Did the was the Conservatives who of history? Do the residents of these Labour dominated Southport feel they are no longer part of Lancashire? I

Looking now at the West 5. Marlborough Road, Midlands county which we are Castle Bromwich, Birmingham.

From the Co-operative Union

Sir, — Mr L C. Maclaurin (Letters, October 24) is right to

refer to successive governments'

prejudice against the distribu-tive trades, as it is something we in the retail co-operative

movement have been fighting against for a number of years.

Economic Development Commit-tee for the Distributive Trades.

on which the co-operative movement is represented, submitted a report to the NEDC on the

role of distribution in the industrial strategy. This called on the Government to ensure that:

sector is considered as an in-tegral part of industrial

stralegy, and that concentration

to closer co-operation between

the two sectors to their mutual

As long ago as June 1978 the

Distributive trade prejudice

Election by 'vote ranking'

From Mr David Townsend Bernard Murphy (October 19) stiltuency vote that in order to achieve fair parhamentary representation there is no need to depart from the principle of one man, one seats, in additional the principle of one man, one seats, in additional transfer of the control o PR system he advocates does, ranking; however, require the adoption Those of large multi-member constituencies — which has obvious drawbacks.

he told us that some villages had been "moved" from York-shire to Lancashire. One of them actually tried to borrow the Yorkshire County Cricket Club flag to fly on their village unnecessary to amend our existing constituency boundaries or voting procedures at all to that, in the interests of nace that is not unreasonable fairness, it is not unreasonable fairness. maps said.

The whole concept of altering the English county was wrong and showed a complete lack of understanding of the historical

My suggestion which, as far as I am aware, has not so far been mooted publicly, I shall call "vote ranking" or VR. It is based in the principle that where the candidate with the boundaries, the re-organisation of voting practices, and the a majority over all the other candidates, he shall not be assumed to have been auto-

matically elected. In these circumstances, where the result makes it inevitable that the constituency will be represented by a person who is not the choice of the majority. the leading vote-winner shall only become the elected MP where his election is compatible with a parliamentary composi-tion which fairly reflects the national voting pattern....

report to the NEIC on the ole of distribution in the industrial strategy. This called on the Government to ensure that:

The role of the distributive applications, although regretably these come too late to avoid the many difficulties ector is considered as an investigation of industrial the result sector in respective to the control of the control Under VR the procedure would work as follows: Voting procedures and elecas at present;

For the retail sector it may per cent or more of the conon the needs of manufacturing be a case of "too little, too late." stituency vote would be automatically elected to parliament; meglect of distribution but leads judiced as well?

All parties polling over 5 per and probably the money but is a closer co-operation between to the closer co-operation between the closer co-operation the closer closer co-operation the closer co-operation the closer closer closer co-operation the closer c cent of the national vote would be allocated a total number of parliamentary seats in strict proportion to the total votes

minority vote leaders in Rosemary Hill descending order of seat 10, Howkenbury Road entitlement. This would be Tunbridge Wells.

Sir,—I am in agreement with percentage share of the con-ernard Murphy (October 19) stituency vote achieved, that is, 49.9 per cent, 49.8 per cent, 35.2

The remaining allocation of seats, in addition to those won vote, by complicated schemes untright (with 50 per cent of that do not guarantee true pro-the constituency vote), would portional representation. The be allocated according to the conslituency

leaders eliminated from the lower end of the ranking table would be required to make way further than Mr Murphy and from another party which had suggest that it is in fact quite less constituency vote leaders unnecessary to smead act.

We simply need to shed the for a constituency to be repre-first past the post "principle sented by a candidate who has and develop a rational alter-achieved only, say, 31 per cent native for assessing electoral of the vote in preference to results which will ensure that parliamentary seats are allocated proportionately to the votes cast for particular parties.

achieved only, say, 31 per cent, of the vote in preference to one who has gained, say, 39 per cent, the VR proposal can be seen to have advantages when votes cast for particular parties.

where the candidate with the boundaries, the re-organisation highest number of votes in a of voting practices, and the constituency has failed to secure problem of conducting by a majority over all the other elections implicit in PR systems multiwhich require large member constituencies. David Townsend.

11 Janmead, Hutton, Essex.

From Mrs Rosemary Hill

Sir.—It is interesting that Peter Pulzer (October 17) finds it so inconceivable that the Alliance should favour a reform (introduction of a single transferable vote) which has been painstakingly worked out as being the most democratic, even if this would fail to give them the unfair number of seats which the two main toral boundaries would remain parties have come to regard as at present: All candidates achieving 50 This is in keeping with oor sporting traditions where the

parliamentary seats in strict proportion to the total votes cast for them. The allocable seats would be arrived at after deducting those won outright by candidates of parties which did not reach the 5 per cent national threshold;

The "minority" constituency vote leaders of parties which had more "first past the post winners" in theory than it was permitted to have according to the compared are increasingly fed electorate are increasingly fed up with this system as shown by the very low number who go to the polls here compared with other countries.

As Peter Pulzer says, with the STV all parties would be under pressure to launch a proder appeal . with profound effects on their candidates electing and policymaking mechanisms. Can any permitted to have according to permitted to have according to one except the most hide-bound its total proportional allocation, would be required to rank the would be a good thing?

The sovereignty of nations

dvantage; Co-operative Union.
The current discrimination Hanover Street, Manchesler.

From Mr Angus Sibley

Sir.—We have grown used to the sacrosance assumption that every country is entitled to absolute sovereignty. Yet it is not so long since we believed that imperial powers had the right to impose supranational order upon whole groups of order upon whole groups of countries. We cannot evidently revert to that position. But we are being forced gradually to percelve, though as yet dimly, that the anarchy of a world of fully sovereign states does not work. Peacekeeping forces, occasional bouts of neo-imperialism, the coercion of governments by the IMF, are all signs that we are groping. signs that we are groping, From Miss B. Smoothy elumsily and painfully, towards Sir,—This Grenada business new forms of international leaves a sour taste in my mouth.

Through the gears of the court o

Rather than intoning timeworn slogans about the hallowed Governor-General appears to me
right of peoples to selfdetermination, we would do not know that the army would
better to recognise that the
post-colonial dream of sovereighty for every nation is a
monstrous delusion. Firally, Was our FO "asleep"? Is the
because it implies international fact that his appointment was
anarchy. We do not tolerate the Queen's, the reason our
totally independent entities PM "sulks in her tent"? Was
within Britain or America; why
within the world? We need the
rule of law as urgently between Rather than intoning time-

held to be immune from outside intervention, there is no leg-itimate means of disciplining governments that tyrannise over their own peoples. Of course it is unseemly for the United States to invade a small island, even to depose a junta that has seized power by assassination. But what, at present, is the alternative? We need an international police force to do this job, and an international criminal court in which the assassins could be properly tried. Angus Sibley, 142, Chatsworth Court, Pembroke Road, W8.

Through the years of their independence the record of the rule of law as urgently between nations as within them.

And secondly, because so long as nations' internal affairs are invasion long since and should inot go on my knees to thank him? I could go on! And on!!

B. Smoothy (Miss).

121 Western Road, Tring.

Analysts versus share prices

From Mr Desmond Goch

Sir.—Like your correspondent
Mr Beall (October 24) I am
perturbed when I read of
luncheon meetings between the
executives of listed companies and selected institutional representatives and financial analysts —usually to be followed by share price movements that owe something to information given in advance of it becoming available to individual shareholders and the wider investing public.

I gain some consolation, how-

60 4 7

44.55

لأعف يوسد

I gain some consolation, however, from the thought that these briefing sessions sometimes produce a market reaction that the produce a market reaction begin to make their impact on the produce a market reaction begin to make their impact on the produce a market reaction begin to make their impact on the produce a market reaction begin to make their impact on the produce of the p that can be turned to advan-tige in certain circumstances. How often does one read that a reported improvement in profit and turnover was fol-lowed by a description of the product of t lowed by a downturn in the I. Poddock Wood, share price because the nulcome Harpenden, Herts.

was not as good as had been A recent announcement by a major food retailer on these lines produced a downward market reaction following adverse comment from analysts that it was expected to do better. Feeling that these com-ments were an over-reaction, I preferred to back my own judg-ment and I can now enjoy the ride back to reality in the share

Britain's share in oil trade From Mr Peter R. Odell

Sir,-The letter from Messrs Harvey and Musgrave are helpful in explaining why the UK refines so little of its production and has a net import of refined products. They do not, however, explain why British industry has to pay higher prices for oil products than competitors elsewhere in Western Europe. ing in respect of the importance Peter R. Odell. he adduces tn "the exceptional Erasmus Universiteit, demands made hy . . . the Kotterdam.

ing imports. Does this mean that British refinery capacity oil products than competitors elsewhere in Western Europe. Perhaps the freedom which government policy allows the oil companies in their downstream operations is not the way to guarantee lowest possible prices—as Mr Musgrave claims. The additional data from Mr Harvey on trade in oil products is most revealing in respect of the importance. Peter R. Odell.

Falklands conflict" in stimult-

Ethics of BP share issue

cup will be full. England to cash the cheques of those who failed to obtain an allotment, I am sure that I am not the only one to feel T. Hoseason-Brown. that this action ran counter 6 Norland Rood, normal business ethics. Clifton, Bristol.

From Mr T. Hosenson-Brown. Although being an applicant Sir,—No doubt Mr Lawson for only 1,000 shares I obtained an allotment at the striking price which was clearly a very high one judging by the numthe success of the BP issue as her of applicants who were the striking price of the shares unsuccessful. With hindsight I left no profit at all for the sub-scribers and indeed is quite likely to involve them in a loss. If it does I am sure Mr Lawson's unsuccessful. With hindsight I would never do this again and indeed I would pever again apply for a Tender Issue by H.M. Government and venture to suggest that several thousand Although it was, of course, other investors probably it was entirely legal for the Bank of very smart business but I think the cheques it was appallingly

psychology.

Israel's Currency

Dollars, dreams and reality

By Nicholas Colchester

CONNOISSEURS of exotic monetary systems, those who know the intricacles of the Liberian-U.S. dollar enclave or how French monetary policy affects WAMU, the West African Monetary Union, must be saddened by the failure of Mr Yoram Aridor in bis last desperate fling to reconstruct the Israeli currency. Whether it had succeeded or failed, the project would certainly bave earned its place in the history of money. When in mid-October the

Israeli press revealed the existence of the finance minister's dollarisation " scheme the plan was still barely in a fit stale to he debated. The leak followed a chaotic week in which a run on bank shares, the closure of the Israeli stock exchange, a substantial devaluation of the shekel and a 50 per cent rise in the price of basic commodifies had left him com-pletely discredited. The confusion in government and the public uproar over his halfbaked plan led straight to Mr Aridor's resignation. His scheme received the sort of examination given to the last sample produced by a salesman as he is heaved out of the front door. Mr Aridor had been thinking

about the plan since April when Dr Yakir Plessner, deputy governor of the central bank, convinced him that only a completely radical approach would break Israel's vicious circle of 150 per cent inflation and widespread indexation.

At the beginning of 1984 the Government, they envisaged, would devalue the shekel yet again to a rate of Sh 100 to the U.S. dollar. At this con-venient price the dollar would replace the shekel as Israel's currency. Every bank balance, currency. Every bank balance, 10U, pay slip, price list and so forth would have meant U.S. cents in place of shekels. To hack up this magle transformation the architects apparently hoped to borrow \$1.5hn from the U.S. Fed. This, they reckoned, was twice the monetary base of the country and would be an adequate and would be an adequate cushion against those doubters who wanted dollars in the hand rather than in an Israeli bank.

after word leaked out that he had a radical plan to reconstruct the country's currency by temporarily replacing it with the dollar. With the advent of non-inflationary money Israelis would accept the phasing out of

The Government

Mr Yoram Aridor (right)

had to resign as

Israel's Finance

Minister last month

monetary policy for six months; its budget deficit could be only what it could raise in dollars on the international capital market and from established Israeli sources of dollar finance. Then a new Israeli currency would be established. The thinking here was still imprecise. The New Shekel (some biblical experts favoured the Zuz) would be held at a fixed exchange rate against a basket of currencies. Monetisa-tion of budget deficits would be

would be without a discretionary

indexation.

outlawed. There would probably be a mandatory switch back into the new currency. The new regime would be swaddled in exchange controls. Israel would he back on the straight and narrow. "There were two starting points for the plan," says Dr Plessner. "The first was that inflation in Israel is almost ex-

clusively a monetary phenomenon. The second was that an ending of indexation is the only way out of the situation. We could bave merely fixed the shekel exchange rate against the dollar, but we thought that the psychological impact of actually going over to the dollar was much stronger. We needed to kill inflationary exings of shekels.
As for Government deficits,

Despite the opposition to the idea of Dr Mosbe Mandelhaum. Governor of the central bank of Israel, Aridor and Plessner flew to the U.S. to discuss it with the U.S. Government, which would ultimately have had to support the project. Aridor saw Donald Regan, the U.S. Treasury Secretary, but it seems that little more than soundings took place. Plessner was also looking for academic support. He spent balf an hour with Professor Ronald McKinnon, of Stanford Univer-

sity and invited him to come to

Israel as "adviser."

McKinnon was interested but at once put his finger on the at once put his nager on the two major questions that bedevil the economic side of the scheme —let alone the political overtones of Israel becoming a dollar enclave, is inflation in Israel a "purely monetary phenomenon" — a spiralling unwards of numbers spiralling upwards of numbers of shckels which, bocause of unusually widespread indexation, does not redistribute the underlying real wealth? Or does it really reflect seignorage —the time-hoooured way in which governments live heyond

Dr Plessner claims: "There is no dispute between academics in Israel that the Government's financial position suffers as a result of inflation." He maintains that Government disbursements are indexed to rise as rapidly as its fiscal income and that the gains from printing more money are offset by the quantity of non-index-linked Government loans extended to individuals and to the private sector. The implication is that the Government is losing out on these loans as fast as the Israeli private sector is losing out on its bold-

cash - and fail to pay civil

servants and so forth?

people tend to lump together what we finance from abroad, much of it in the form of aid. and what we finance at bome. Our internal sbekel borrowing requirement is not way out of sight compared with some European countries. It was 9 per cent of GNP in 1982 equivalent to about \$2bn. Our plan envisaged a cut in the deficit of some \$1.75bn partly by cutting spending, partly by reduciog subsidies, and partly through the impact of the big devaluation on the Govern-ment's exchange rate insurance

scheme."
Professor Michael Beenstock. of the City of London Univer-sity, finds it hard to believe that there is no seignorage in Israel, or that indexation is the fundamental problem. "If you have not got the political will to control your public sector borrowing requirement under a floating exchange rate you will not control it by gimmicks of fixed exchange rates or going over to dollars," he says. Facing up to fiscal reality may

be a necessary condition for curing hyper-inflation, but is it a
sufficient one in a country so
steeped in indexed inflation that
its people already think in dollars while they pay in shrink-ing shekels? The Plessner-Aridor plan never had a chance. which governments live negotia their fiscal means, by paying It was politically naive, for services in coinage which is needed to pull off too many lricks at once. The reputation The second question is a of its chief sponsor had become practical consequence of the a crushing liability. But In Ilme first, Could the Israeli Govern- Mr Aridor's successors may rue-ment trim its budget deficit to fully conclude that currency rean amount it could finance in construction is inevitable if dollar borrowing? Or would it Israel is ever to lead a normal slmply run out of cash — dollar economic life.

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FINANCIAL TIMES

Tuesday November 1 1983



HAWKE WINS CRUCIAL VOTE ON A\$1.7BN RESOURCE DEVELOPMENT

Canberra approves uranium plan

BY MICHAEL THOMPSON-NOEL IN SYDNEY

APPROVAL for the development of the world's richest uranium find was given at an eight-hour meeting of the Australian Cahinet yesterday, despite left-wing opposition to the development of the uranium in-

But development of the A\$1.7hn (\$1.49hn) Olympic Dam copper-gold-uranium project at Roxby Downs, South Australia, has still to be approved by the Parliamentary Labor Party at a vital caucus meeting next Monday. The Olympic Dam find is thought to contain at least 1m tonnes of uranium. Although Australia has the

world's most extensive reserves of low-cost uranium, there has been a concerted left-wing campaign, in recent months aimed at forcing Mr Boh Hawke's Labor Government to bow to official Labor policy and scrap the uranium industry.

Yesterday's decision is an important victory for Mr Hawke, who fa-vours the mining and export of uranium. Although voting may be close, it is thought unlikely that the 105-strong Parliamentary Labor caucus will challenge his authority hy rejecting Cabinet support for the prestige Olympic Dam project -thought to cootain so much copper,

Britain in

De Lorean

aid probe

By Peter Alddell in London

parliament's main means of moni-toring government money, decided

yesterday to examine the whole

hackground to the Government's re-lationship with Mr John De Lorean

and his company. Support totalled £86m (\$128.6m), Including guaran-

tees, over four years.

The committee apparently felt

that it would be wrong to wait until

after the legal cases against Mr De Lorean to the U.S. were concluded, since this might take a loog time. Mr De Lorean faces charges of

drogs trafficking. His trial, due to

open in Los Angeles today, was postponed following the screening on television of a video tape show-

ing Mr De Loreau allegedly receiv-

worth \$4.5m from undercover FBI

Among the items to be examined

by the Public Accounts Committee is \$17m which went into a Swiss

company at the beginning of the

project, of which about a third came

from Northern Ireland and originat-

ed in government grants. This mon-

cording to evidence presented to

Mr Robert Sheldon, the commit-

the inquiry would examine the

whole course of the Government's

involvement since 1978, looking at

who knew what and when. It will

attempt to point to the lessons to be

learned in future government sup-

port for private sector companies

as well as the role of the Govero-

U.S. clears way

for engine deal

decision was the key to the launch-

ing of the consortium."

Mr Carlson, however, suggested

that the market for the new V-2500

engine, could be as large as 8,000

airframe manufacturers introduce

a new range of 120-180 seater air-

He said market research suggest

ed that 800 new range of 120 seat-

ers, 2.000 150-seaters and 200 180-seater aircraft would be delivered

over the 25-year period. He added, emphasising the high hopes of the consortium, 8,000 engines is our

engines between 1989 and 2004 as

Continued from Page 1

ey has not been accounted for, ac-

suitcase containing cocaine



projected lifespan is 200 years.
The Olympic Dam partners are
Western Mining Corporation (51
per cent) and BP Australia (49 per

left, it is thought that the Goverment may authorise an inquiry into whether additional export licences should be granted to the operators of Australia's two existing mines.

These are Ranger, operated by Energy Resources of Australia - in which the shareholders include Australian, Japanese and German interests – and Nabarlek, operated by Queensland Mines.

Ranger and Nabarlek - both in the Northero Territory - are currently producing more than 5,000 tonnes of uranium yearly.

Resolution of the Olympic Dam impasse will by no means signal the end of the Hawke Government's problems with uranium, for in addition to Olympic Dam, Ranger and Nabarlek, numerous other finds

Mr Joh Bjelke-Petersen, whose National Party now governs alone in Queensland, said at the weekend he was determined to grant a mining lease to the French-owned com-pany, Minatome, to open the Ben Lomond find in Northern Queen-land, which has reserves of 3,400

Other projects vying for attention include Jabiluka (200,000 tonnes) and Koongarra (13,300 tonnes) in the Northern Territory; Yeelirrie (39,800 tonnes) and Lake Way (3,200 tonnes) and Lake Way (3,200 tonnes) and Lake Way tonnes) in Western Australia

Mesa opposes Gulf Oil plan to change its corporate status

Kuhn Loeb as financial advisors in

respect of its Gulf Oil investments. Mesa, which bas built up a repu-

tation for shrewd investment in oil

shares, bas argued that Gulf Oil

would be worth more to its share-

holders if it was split into smaller

parts. Mesa has prepared estimates of the underlying asset values which it believes might be achieved

if Gulf was to implement various re-

capitalisation or restructuring transactions (including repurchases of shares for cash, redemptions of

shares in exchange for royalty trust interests and pro rata distributions

BY WILLIAM HALL IN NEW YORK

MESA PETROLEUM, the small Texas oil company which is head-THE ALLEGED diversion to Switing a group of investors who have zerland of some of the UK Govero-ment's financial support for the bought a 10.8 per cent stake to Gulf Oil, the hig U.S. oil concern, has forfailed De Lorean car project in Belmally announced that it is to oppose fast, is to be investigated by an all-Gulf's plans to reform itself under a party committee of British MPs.
The Public Accounts Committee

new Delaware holding company.
Gulf's plans, which are designed to give it greater financial flexibility and thwart disruptive legal actions by dissident shareholders, will be voted on by shareholders at a special meeting on December 2. Mesa announced yesterday that it had filed preliminary proxy materials with the Securities and Exchange Commission opposing Gulf's rein-corporation proposals, it also an nounced that it was seeking access

of royalty trust toterests of varying sizes to shareholders). Mesa's enthusiasm for royalty trusts - where ownership of produc-

from some Wall Street invest managers who believe that Gulf Oil shares have performed less well than they should have done

Last week, Donaldson, Lufkin and Jenrette issued a research bulletin strongly endorsing Mesa's ac-tion and forecast that it would probably be successful. It recommended that "investors support the Mesa group in its efforts to realise greater stock market value for the assets held inefficiently under the current Gulf Oil financial structure."

The report argues that "the stock market says unequivocally that the value of oil and gas properties in the form of independent exploration companies and royalty trusts is about the part of the properties of th about twice that in the form of inte-

to Gulf Oil's list of spareholders and "certain other corporate records." It ing oil wells is spun off to sharehol-Saudis warned on ethylene

nine major petrochemical complexes due to be operational hy 1985, was warned yesterday that European trade barriers against its products are a real possibility.

Mr Robert Horton, managing di-rector of BP Chemicals in Dhahran, told Saudi Arabia's first petrochemical cooference yesterday that overcapacity in the European chemical industry "could ultimately lead to the introduction of international tee chairman said last night that trade barriers."

Only last week, Mr Donald Regan, the U.S. Treasury Secretary, warped that Saudi Arahian products will not be allowed into the U.S. unless they are sold at prices similar to those of American prod-

Saudi Arabia's output of ethy-lene, the basic petrochemical used

SAUDI ARABIA, which is building in making most plastics and resins, is expected to account for 5 per cent of world production by the late

a against maximising the output of

col, such a move would put the "entire global price structure" at risk.

Mr Horton cautioned Saudi Arab-

its new todustry by selling the marginal ton of product at any price in order to provide some contribution to the fixed cost of the operation. Considering the level of overca-pacity with the industry, Mr Horton said: "It requires only small quantities of unrealistically priced product to depress the entire price struc-ture." For products such as methanol, polyethylene and ethylene gly-

Turning to Saudi Arabia's natural feedstock advantage, Mr Horton said that in an ideal free market, supply and demand would dictate Saudi Arabia.

that a new producer with a cost advantage would result in the closure of uncompetitive capacity, allow-ings prices to rise eventually for the remaining producers. This is a highly unlikely scenario

for Westero Europe, be said, as "the intransigence of the West European market should not be underestimated. The nationalistic character of large parts of the industry and the perceived importance of a domestic petrochemicals industry to most West European governments it not conducive to the development of a truly free market," Mr Horton said. In order to avoid future trade battles, the BP executive called for further rationalisation of the European chemical industry and increased co-operation between estahlished chemical producers and

Radicals in historic triumph

Continued from Page 1

hut Sunday's convincing vote is expected to accelerate the transfer of power by the military, since the electoral college merely needs to rubber-stamp Sr Alfonsin as Argentina's new President. Sr Alfonsin said yesterday be

wanted the formal transfer of power by the military to be hrought forward from early January to early December. He has also held out an olive hranch to the Peronists and is willing to include them in the administration. There are early signs of a possible compromise with the trade unions, whose support he will need to carry out a tough package

Argentina's 500 per cent inflation. On the issue of Argentina's nearly \$40bn foreign deht. Sr Alfonsin said that he would be seeking closer relations with Latin American debtor countries. Although the Radi-cals rule out the idea of a debtors' club, they see such closer coeasier terms on the renegotiation of

ing due in 1984. The Radicals are also questioning the legality of some of the debt contracted by the military Government during the past seven years, espe- tions are possible

cially covering secret arms pur-chases and lending to militarycontrolled industries.

The financial community here has accepted the result with some relief. The stock exchange yesterday was buoyant and the parallel market for the dollar showed the peso marginally firming. On the Falklands, close aides of

Sr Alfonsin said vesterday that Arg-entina was anxious to sit down and some 510hn worth of payments fallnegotiate with Britain. The Radi-cals insist on Argentine sovereignty

Debt deadlines approach

Continued from Page 1 ier terms in future debt negotiations. Some bankers are, however, concerned that the Radical Party is ill prepared to deal with the debt in detail.

In the weeks leadings up to the formal handover of power, bank-ers will be watching keenly for signs of Sr Alfonsin's willingness to tackle the debt issue. So far Radical party officials have had only informal contacts with the commercial bank creditors spearheading Argentina's debt

A big boost to international confidence would come with the signing of one or more debt rescheduling agreements by an Arg-entine state agency. Completion of those deals was held up before the election, resulting in Argentina's inability to draw on a \$1.5bn credit arranged as part of the

Like the Peronist Party, the Radicals are determined to mount an inquiry into how Argentina's debt grew to as large as \$40bn, but bankers do not expect this to lead to any drive to repudiate all or part of the debt.

At a press conference vesterday, Sr Allonsin rejected calls for Argentina to support any Latin American debtors' cartel.

Baghdad claims to have sunk 5 Iranian warships

IRAQ claimed last night to have sunk five Iranian naval ships as they approached the port of Bandar Khomeini, at the head of the gulf. Three of the ships were destroyed by Iraqi air force and naval imits. Two tried to escape and were

wrecked by mines, Iraq said. Earlier, Lloyd's of London reported that the 10,000-ton Iranian cargo ship Iran Shahadat had been sunk by an Iraqi missile in the same area October on 12.

This was two days after French Super Etendard aircraft equipped with Exocet missiles were reported to have arrived in Iraq. But there is no indication from Lloyd's, or other sources, that the Super Etendards were used in the October 12 attack. Lloyd's said that the Iran Shahadat was hit in the engine room as it neared the end of its voyage from Hamburg, West Germany. The vessel, built in 1969, was Iranian-owned it sank after the attack, but most of the crew were taken off by

Iranian rescue vesseis. The UN Security Council yesterday called for an immediate end to the three-year Gulf war and reaf-firmed the right of all nations to freedom of navigation in international waters. The voting was 12 to nil with three abstentions.

France played a major role in bringing the resolution to the security council. Iraq has been insisting that the Gulf should be open for its oil exports, and has threatened to use the Super Etendards to disrupt Iranian supplies.

Iran announced in advance that it

would not be bound by any security council resolution and accused the council of hias.

Baghdad last night repeated its warning to international shipping not to enter what it termed "the ex clusion zone. It was not clear whether this applied to the waters around Kharg Island, Iran's main oil terminal, 100 miles from Bandar Khomeini.

Fighting in the mountainous northern sector of the Iraq-Iran battlefield appeared to have dimin-Ished after an eight-day offensive by Iranian troops and Revolu-tionary Guards. Both sides are re-ported to have suffered heavy osses, with the Iraqi town of Penjwin under siege from three sides. Iraqi diplomats warned before

latest Iranian offensive that Baghdad would use all weapons available to retaliate if another at tack was launched. Twice last weel Iraq used long-range, surface-to-surface missiles to hit Iranian towns up to 100 miles from the bor-

In a statement to the UN General Assembly in September, the Iran-ian Foreign Minister, Mr Ali Akber El-Velayati, bad said that Iran would close the Strait of Hormuz in response to any "adventure." He was bitterly critical of France.

Diplomatic sources said that although the council's resolution was sponsored by Guyana, Togo and Zaire, this latest diptomatic exercise was initiated by the French and it was at their insistence that the council acted vesterday.

The French tried to bring the is

Tories rebuff 'dual key' call

Continued from Page 1

which they used, but of allies who shared a common interest in the defence of Europe.

Mr Heseltine declared: "It is in-conceivable that in the flow of world events such disagreements do not arise. But in the last resort we face a common threat and we have evolved a common defence."

He added: "And the quicker that any doubts about that are set aside, the clearer our deterrents will be

The Defence Secretary opened the debate hy calling on MPs to en-dorse a motion confirming that, in the absence of an agreement with the Soviet Union on the so-called "zero option" in the Geneva dis-armament talks, the cruise missiles must be operationally deployed in the UK at the end of this year.

Mr Realey attacked as "madness the U.S. refusal to negotiate nuclear disarmament with the Soviet Union on the basis of President Andro-pov's latest offer.

"It seems to me to give the West a very good deal indeed," he told the Commons. There seems to me a overwhelming case for taking Mr Andropov's offer as the basis for negotiations"

For the first time for nearly 20 years, he said, foreign nuclear missiles were to be deployed on British soil without the UK Government having the physical ability to prevent them being fired.

THE LEX COLUMN

Lease of life in Hong Kong

After a period of lean takings and heavy demands on their cash resources, institutions at last are looking forward to having some real money to spend. Yesterday, at the beginning of a new account, they were quick to respond to more optimistic economic forecasts and marked the departure of ICFs chairman for Wall Street with a 1% per cent rise in the All-Share index.

Hong Kong

The recent diplomatic ceasefire between Westminster and Peking appears to have restored a vestig of confidence to Hong Kong's shell-shocked financial markets. The pegging of the Hong Kong dollar, introduced a fortnight ago, has suc-ceeded perhaps even beyond the hopes of its architects, while the Hang Seng Index has gained 25 per cent from the 1983 low point of 690 struck at the beginning of this

Yesterday's rise in the index was less significant for its size – though at almost 5 per cent that was not to be sniffed at - than for the source of the buying. Local Hong Kong inves-tors, who have been selling into the hands of foreign institutions for most of this month, were at last picking up the reins.

Confidence is admittedly still fra-

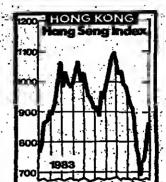
gile. A fresh round of Government talks is scheduled for the middle of next month and an unsatisfactory outcome could sorely test the ex-change rate mechanism which, after a first week flurry when over-night interbank rates topped 40 per cent, has had a remarkably smooth

But, whether or not substantive progress is being made, both sides have at least recognised the value to Hong Kong of giving a positive mpression. The banks, meanwhile, have been able to slice a point off their prime rates and interbank rates have fallen far enough to encourage talk of another cut from to-

day's 15 per cent level.

The equity market, however, is still suffering from the problem which until recently afflicted the exchange rate – the absence of a fixed point of reference. Equity values are still being guided principally by vague changes in sentiment. Short of pegging the Hang Seng to Wall Street, the best yardstick would probably be a corporate deal. Few have been brave enough to

dip their toes in the property mar-



week the stock market has been alive with speculation that the high-ly geared Hongkong Land Company is about to place its one-third stake in Hongkong Electric, bought last year for around HK\$2.5bn. If Land were able to extract itself without taking a book loss, which seems possible, confidence in Hong Kong would be greatly streng-thened. And if the buyer were a foreigner, so much the better. Just the thought of it helped lift the Land sbare price 40 cents to HK\$2.80 yes-

Share buy-ins

simed at making life easier for privately-held family companies. Yet it left a loophole for quoted companies to huy through the market.

AP Bank even if anything more than smallvantage of the facility has broadconverts. A wide range of compa-nies are now calling on sharehold-ers to update their articles of association to allow the manoeuvre, even though they have no immediate intention of making any purchases. The companies range from Associated British Foods last month, to P and W MacLellan - net assets, £2½m - yesterday.

In theory, buyins are attractive to companies when their shares are age and hire purchase subsidiary, with access, to the domestic money.

quoted at a discount to net assets, with access to the domestic money

ings per share through the move, which depends on a company's return on capital. For property com-panies, however, where investors have traditionally paid much closer attention to underlying asset val-ues, the attractions of huying instock at a discount are more rele-

Among the property companies that have been buying in stock have been Churchbury Estates, Samuel Properties, M.P. Kent, Warner Estates and British Land, which has been buying in its convertible. To judge from subsequent price movements, buy-ins have done no harm at all to ratings. at all to ratings.

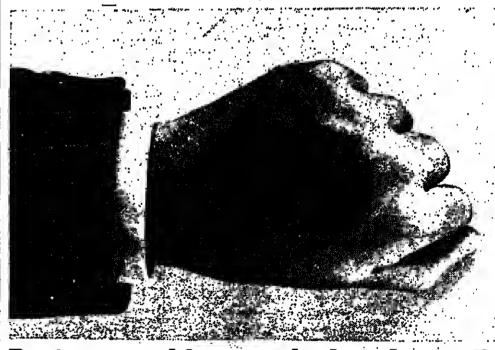
Since companies are liable to act on their purchases through the market, they have only been able to make modest purchases before they have run out of mainstream corporation tax cover. Yet the purchase of even a couple of per cent of the outstanding shares has usually been enough to trigger sustained price rises in the thin markets for most of these stocks.

This suggests that the true attrac-tion of buy-ins for many company boards may be as a defence against takeovers. Most companies go through a vulnerable period over the course of the cycle, when their assets appear more attractive to rivals than to the stock market. It is The 1981 Companies Art legislanot surprising that companies are tion in the UK allowing companies now tucking into their armouries to buy in their own shares was the potent little buy-in weapon in

Phis

scale purchases soon raised tax ob-stacles. In recent months, the num-ber of quoted companies taking ad-has become so widespread that the announcement by Norwich Union ened - although property compa-nies remain at the head of the list of AP Bank for £25.1m looked almost converts. A wide range of compa-nies are now calling on sharehold-been consistently profitable and is being sold to Riggs National Bank of the U.S. at a substantial pre-

and they can find no better return markets, Norwich found that NGT for their excess cash elsewehere. In was able to raise funds in its own reality, since asset values tend to be name. There may be a message a moveable feast for most compa- there for anyone thinking to pay a nies, a more important consider fancy price for a minority stake in a



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SECTION II - INTERNATIONAL COMPANIES

FINANCIALTIMES

Tuesday November 1 1983



Buoyant quarter for cereal companies

By William Hall in New York

KELLOGG and Quaker Oats, two of the world's biggest producers of breakfast cereals, have reported strong earnings growth in the third quarter but warn that efforts to increase market share are putting pressure on margins.

Kellogg's net earnings in the third quarter rose 17.7 per cent to \$76.8m on a sales increase of 2.7 per cent to \$634.9m. Quaker Oats. meanwhile, reports that income from continuing operations rose 26 per cent to \$28m in its latest quar-

For the first nine months of the year, Kellogg's net income rose 8.8 per cent to \$200.2m despite a marginal decline in sales to \$1.82bn.

Kellogg says that in the fourth quarter of 1983 its efforts to build market share, particularly in the U.S. "may have a negative impact on our ability to increase earnings. However, we now expect 1983 earnings for the full year to exceed

Kellogg earned \$1.01 per share in the latest period against 36 cents per share a year ago. Quaker Oats earned \$1.35 per share against \$1.07

However, Quaker notes that 25 cents of the increase in earnings per share is due to the acquisition of Stokely-Van Camp, which was acquired in the first quarter of the

Quaker reports that operating income in its important U.S. grocery products division, excluding the results of Stokely-Van Camp, fell from \$31.7m to \$30.0m in the latest quarter compared with a year ago, due to a "planned increase in marketing expenditures which should favourably impact on volume in fu-

Sales in U.S. grocery products in the quarter, after stripping out the impact of Stokely-Van Camp, fell by 2 per cent in volume terms.

Norcem stages strong recovery

By Fay Gjester in Oslo

NORCEM, the Norwegian cement and building materials producer, with interests in offshore oil activities, made a pre-tax profit of NKr 69m (\$8m) in the first eight months of this year. This compares with a loss of NKr 37m in the same period last year and a profit of NKr 50m for 1982 as a whole.

Profit for the whole of 1983 is forecast at NKr 140m, before extraordinary items, which include costs in connection with restructuring undertaken this year.

The improvement in profits partly reflects cuibacks in foundry capacity in Jotul a wood-burning stove manufacturer and sales of two of the group's less profitable companies, Corrintee and Norcem

Offshore-related activities continue to generate a high level of income, and earnings have risen as a result of Norcem's involvement in the international cement trade. Group external sales in the eight months reached NKr 2.57hn, compared with NKr 2.28bn in January-

McDonnell Douglas | Axe falls threatens strikers with unit closure

BY PAUL TAYLOR IN NEW YORK

McDONNELL DOUGLAS, the U.S. aerospace company, yesterday warned striking workers in its commercial jetliner division that a pro-in the 1982 period. Sales jumped to longed strike "would force McDon-S84bn from \$6.5bn. nell Douglas to withdraw from the commercial aircraft business."

The threat came after the United Auto Workers union rejected the company's latest new contract proposals and appeared set to continue the strike involving 8,600 workers at the company's Long Beach, Cali-fornia, Tulsa, Oklahoma, and Melbourne, Arkansas, plants. The strike began on October 17.

Separately McDonnell Douglas and Boeing, its chief rival in com-mercial aircraft, yesterday both an-nounced higher third-quarter and nine month earnings, spurred by nigher military and commercial air

Boeing said it earned \$75m or 78 cents a share in the latest quarter, compared to \$69m or 61 cents a

The latest quarter lifted earnings to \$257m or \$2.66 a share in the first nine months, compared with \$201m

Boeing attributed the improve ment to increased commercial jet sales, lower levels of research, development and engineering expenses and continued favourable performance on government pro-

The company said sales to the U.S. Government during the first nine months had totalled \$2.54bn, compared with \$2.36bn.

The company said it earned \$70.9m or \$1.78 a share in the third quarter, compared with \$55m or \$1.40 share in the 1982 quarter on sales that increased to \$2.04bn from

For the nine months, the compa ny said its net earnings totalled \$192.3m or \$4.84 a share, a 25 per share in the 1982 third quarter, on cent increase over \$153.8m or \$3.90 sales that increased to \$2.26bn from a share net earnings in the same

Pharmacia increases profit to SKr 336m

BY DAVID BROWN IN STOCKHOLM

accutical and biotechnology group, boosted pre-tax profits by 59 per-cent to SKr 338.5m (\$43.1m) for the first nine months ending Septem-

Sales and licensing income climbed 27 per cent over the same ninequarter sales were "somewhat low-er" than second quarter, but grew 45 per cent on a rolling 12 month tion were up 56 per cent to SKr 314m, with costs rising 16 per cent CP-1 the Net financial income

PHARMACIA, the Swedish pharm- per cent from the SKr 1.8hn achieved last year, and profits after net financial costs - SKr 316m in The biggest sales growth contin-

ues to be in the separation products division (up 64 per cent) and pharm-accutical (up 63 per cent over the

The company reaffirmed its fore- to SKr 1.1bn. Net financial income cest that sales for 1983 will climb 40 more than doubled to SKr 22.5m.

Asken acquires 65% stake in J. S. Saba

BY DAVID BROWN IN STOCKHOLM

based in southern Sweden, has purchased a holding of some 63 per-cent in J.S. Saba, Sweden's largest retail and wholesale trading group, in a deal worth about SKr 700m (\$89.8m).

Saha, which had sales last year of SKr 17.3bn and earnings of SKr 121m, owns the large retail outlets, Tempo-Ahlens and B&W, as well as the Dagab wholesale trading opera-

Retail volumes have been declinmonths. Lower pre-tax results before extraordinary items are pre-dicted for this year. The group and Mauritz (a retail clothing com-attributes this to government price pany). freezes coupled with the large devaluation last October, together with higher value added taxes. The trading divisions have generated the bulk of company earnings.

"Our purchase of Saba suggests no changes for the company," Mr Bengt Karlson, Asken board chairman, was quoted as saying. We be- SKr 170m.

ASKEN, an investment company lieve in the company and in the future of Swedish retailing. Asken, centred in Gothenburg and controlled by one of Sweden's biggest financiers, Mr Erik Penser manages a stock portfolio valued last year at some SKr I.35bn,

An Asken spokesman said Saba would not be consolidated - 30-40 per cent of the new shares would be held directly and the rest through

It is buying stock from Saba's three largest shareholders: Nording with losses tripling to SKr 91m stjernan (a subsidiary of the A in the traditionally slow first eight Johnson shipping group), Saleninvest (an investment arm of the Sal-

At the same time, Saba has sold to Nordstjernan its remaining 45 per cent holding in the Nordiska Kompaniet (NK) department store chain, which it deconsolidated last year. Tha Nordstjernan company has also taken on various Saba debts in a deal bringing in a total

on DFDS cruise operation

By Christopher Van Bergen in Copenhagen

DFDS, the Danish shipping line, faced with the prospect of another big deficit for 1983, is to axe its lossmaking cruise operations between New York and the Bahamas.

The one-year-old U.S. cruise oper ation has lost the company over DKr 200m (\$21.25m) and shows no sign of recovery. It is to be terminated on November 26.

Announcing the change, Leif Juul Joergensen, DFDS director, said unless DFDS managed major ship disposals the company risked suf-fering a DKr 200m deficit for 1983, slightly more than the DKr 190m deficit recorded in 1982.

If all went well, however, the company's rationalisation plan would, at the very best, result in balanced accounts for 1984, Mr Juul Joergensen added

It is planned to transfer the 27,000 tonnes, 1,600 passenger and 500-car houry liner "Scandinavia" from Caribbean cruising to the Copenhagen-Oslo route from late De-

To date, DFDS has managed to sell three of the ten passenger and freight vessels it put on the depressed shipping market this January. The sales brought in a "disap-pointing" DKr 150m. The latest trimming operation will leave DFDS running only six year-round passenger routes and four summeronly passenger routes.

Three North Sea routes will ceas to operate and a further Swedish-Danish route across the Kattegat has been sold to another operator.

Svenska Varv moves out of the red

By David Brown in Stockholm SVENSKA VARV, the Swedish state owned shipping group, has re-ported pre-tax profits for the eight months ending August of SKr 144m (\$18.4m), compared with a loss of SKr 291m at the same time last year. The group predicts it will post profit for the full year. Sales climbed 26 per cent to SKr

6.7bn, but costs grew at a higher rate of 29 per cent to SKr 6.5bn. This left operating profit after de-preciation at SKr 137m, compared with the SKr 243m achieved last

bility increase was the lowering of net interest losses from SKr 215m to-SKr 82m, a net currency exchange gain of SKr 70m against the loss of SKr 174m last year, and extraordinary income from unspecified sources of SKr 23m against a loss of SKr 141m last year.

Loss provisions on customer receivables charged to earnings, SKr 500m in 1982, are expected to improve somewhat this year, the report stated. Despite weakened demand in the offshore markets, current deliveries will give "a consider-

able surplus" for the year.

A special government support package was decided last June for the remaining shipyards, Kockums and Uddevallavarvet. The two are expected to shut down 25 per cent of capacity over two years.

WEAK PROFITS PUSH U.S. BANK SHARES TO 12-MONTH LOWS

Walking a Latin debt tightrope

A CHANGE in New York state However, its non-performing loans banking regulations eased the ef-had climbed substantially it pointed fect of troubled Latin American out. loans on some major U.S. banks in the third quarter, but the overall re-sults still looked pretty anaemic.

This, together with heightened nvestor concern about Brazil and Argentina, means that U.S. bank stocks are now back trading around their 12 months lows.

Generally higher provisions for loan losses coupled with steadily growing non-performing loans and thinner margins between borrowing costs and lending rates com-bined to depress earnings. Nevertheless, First Chicago in-

creased earnings by 50 per cent, further confirming its recovery, and offering a sharp contrast with the 39 per cent earnings decline at Con-tinental Illinois, the other major Chicago bank.

The fallout from the failure of Penn Square, the small Oklahoma City energy bank, continued to be reflected in Continental Illinois' earnings - and in those of BankAm-erica. Following acquisition of the troubled Seafirst, BankAmerica posted a 29 per cent decline in net earnings, while its noo-performing loans increased by \$1.1bn from the

end of June, primarily because of the Seafirst takeover, to \$3.2bn. Interfirst of Dallas, the 14th larg-est bank in the U.S., shocked Wali Street by reporting a \$194m third-quarter loss - after writing off \$334m in had loans, many of them

in the energy sector.

Nevertheless, the major factor highlighted by the third-quarter rerope the majors are walking over

Such loans rose to \$2.6bn at the end of the quarter, or 3 per cent of total outstandings, up from \$2.3bn at the end of June and from \$1.5hn just a year earlier, when they were 1.0 per cent of total loans.

Citicorp, the biggest bank holding company in the U.S., added that loans was primarily attributable to weakness in the Latin American private sector." But it also emphasised that its "conservative policy in placing loans on non-accrual, cou-pled with an aggressive posture in recognising write-offs", resulted in a 10.3 per cent yield on non-performing loans from cash payments in the year to date compared with the average base lending rate of 11 per cent

Potential pressure on fourthquarter bank earnings because of non-performing foreign loans, was highlighted by the rule change af-fecting the New York state char-

The change meant that state chartered banks were able to extend the grace period allowed before overdue loans have to be declared non-performing, and accrued interest reversed, from 80 days to

At J.P. Morgan, the fifth largest bank bolding company in the U.S. and the parent of Morgan Guaranty, which bas a Brazilian exposure of around \$1.7bn, the change allowed the bank to include an extra sults was the thinness of the tight. \$5.6m in net earnings in its \$101.1m third-quarter earnings.

Manufacturers Hanover sald its Citicorp, posted a third quarter \$88m earnings, up a modest 3.2 per earnings gain - on the strength of a cent, would have been "less than" property deal in Hong Kong set up S1m lower had it not been for the several years ago and a dramatic rule change. But for the change its improvement in consumer banking. S996m noo-performing loans com-

day grace period. CITICORP The potential impact of a massive **Share Price** fourth-quarter surge in internation al non-performing loans, which could wipe out the respectable nine-month earnings gains registered by most of the big banks, perbaps ex-plains some of the urgency felt among the majors about the International Monetary Fund quota in-crease in the phase 2 Brazil pack-

paring with \$806m a year earlier

would bave been \$67m bigher. Chemical Bank, which bad net

earnings up 10.2 per cent at \$76.3m.

said its non-performing loans would

have been \$960m at the end of the quarter instead of \$892m and earn-

ings would have been \$1.8m lower.

13 per cent earnings gain and previ-

ously followed the ultra-cautions practise of placing overdue com-

ian account, and iocreased income.

Chase, a nationally chartered bank which had nevertheless adopt-

ed a 60-day house rule, also moved

to the 90-day period, while Security

Pacific, the fast growing and rapidly diversifying West Coast oank,

posted a 6 per cent gain in earnings

as struck, by \$6.6m.

Bankers Trust, which showed a

The latest quarterly bank results also reflect the move by the majors to strengthen their capital positions - as the Federal Reserve Board has required them. The majors must in-

crease their proportion of primary capital to assets to a 5 per cent min-What is clear is that bowever the figures are interpreted the third quarter was at best a patchy period for the major U.S. banks, and bolds

to \$67.4m, despite sticking to a 60-

out little promise of better results in the fourth and final quarter. This has been firmly reflected in Wall Street bank stock prices. After rising steadily until April, after the first phase of the international liquidity crisis, stocks have steadily slipped back. The movement bas

been extended by renewed fears about international lending. mercial loans on a noo-accrual basis after 30 days, held its non-Citicorp was among the banks performing loans basically un-changed at \$484m or 2.2 per cent of total loans, at the end of the third bardest hit a few days ago by renewed fears over Brazilian and Argentinian debt problems, lts quarter, by switching to the now share price fell to a day by \$2% to more standard 90-day grace period. The change in procedures, brought its non-performing loans \$31 a sbare, wiping more than \$250,000 off its market capitalisadown by \$220m, largely on Brazil-

Since the end of April, Citicorn has watched its share price fall from \$4514, with about 15 per cent of the decline coming in the last two weeks, and other banks have suffered similarly. Almost all the majors are now trading substantially below book value - in some cases at

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A SOLUTION TO PROBLEMS IN SPAIN'S ALUMINIUM INDUSTRY APPEARS NEAR

Riding high on a price revival

THIS YEAR's recovery in world aluminium prices has transformed the outlook for Aluminio Español, the Spanish integrated smelter complex which is preparing to emerge from receivership.

The suspension of payments an-

nounced a year ago by the company and its subsidiary Alumina Española was the biggest in Spain to date, all the more damaging because it involved the Spanish state sector, \$350m in outstanding credits from international banking syndicates, and a public quarrel with France's Pechiney Ugine Kuhlmann (PUK).
Now, in the light of market condi-

tions, a plan drawn up by the group's advisers, Chase Manhattan, the U.S. banking group, holds out the prospect of a return to profit next year. As a result, the long-term solution to the problems of the Spanish aluminium industry sought by INT, the Spanish state industrial holding company, looks like materi-alising.

The Alumnio Español venture

grew up with about as many comdications as one could expect to lind in a single company. Two multinational rivals. Alcan of Canada and PUK, were both involved as partners with indirect shareholdings - in the case of the French group, through a company which counted on supplies of alumina from Alumina Española but which was a competitor with the Spanish parent company in finished prod-

When the Aluminio Español was launched in 1974. Spanish alumini-um was produced by two compa-nies. INI's subsidiary Endasa, which had merged with an offshoot of Alcan, and PUK's subsidiary Alu-

minio de Galicia (Alugasa).

The new complex, an ambitious venture in a country with neither of the obvious prerequisites - hauxite or abundant sources of electricity for becoming a major aluminum producer, was aimed at giving Spain its own source of alumina and increasing its degree of selfsufficiency in aluminium. The complex at San Ciprian, near

Lugo in Galicia (north-west Spain) was completed in 1980 at a cost of Pta 84bn (then worth more than Sibn) including a new bauxite port, with capacity to produce 800,000 tonoes of alumina and 180,000 tonnes of aluminium a year. It employs 1,675 people at the two companies and had turnover of Pta 54bn (\$355m) last year.

Up to now 53 per cent of the shares have been held by Endasa, the INI-controlled company in which Alcan of Canada has a 43 per

cent stake. Alugasa, majority-con-trolled by PUK, had 20 per cent, with the remaining shares in the hands of eight Spanish banks.

The crisis came to a head last year when PUK, newly nationalised by the French Government, refused to keep ploughing new capital into what seemed a bottomless pit. PUK's agreement was that Alugasa should receive its alumina from the San Ciprian complex at cost price, but the two sides became involved in a legal wrangle about what this price should be. An arbitration verdict rejecting PUK's arguments was handed down in March, but the case is pending appeal.

The new plan provides for a scaling-down of PUK's involvement and the transfer of control of Alugasa to

INI, by a deft reorganisation of

its electrical utility holdings, has mobilised the necessary funds for it to contribute the lion's share of capital increases at Alugasa (Pta 5bn) and at Endasa (Pta 15bn). This is enough to secure it more than 50 per cent at Alugasa, reducing PUK's stake from two-thirds to 37 per cent, and to raise its holding in Endasa from 57 to 64 per cent. These funds are designed to be largely passed on to Aluminio Espa-

nol, forming the bulk of a planned Pta 15bn capital injection. Bank shareholders in Aluminio Español are to be asked to contribute, but if they decline INI plans to take their

that both foreign partners reduce their stakes in Aluminio Español.

The plan involves a three-year ent schedule for Aluminio's Español's debts, including immediate payment of part of the principal and all the interest that has fallen due. This includes repayment to the main shareholders of the interest they have been contractually forced to pay on the two syndicated credits while Aluminio Español is in receiv-

Formal applications to lift the suspension of payments for the two companies were due to be made in the first half of this month, but the target date has now been moved to

Agreement has been reached with Alcan and, after more protracted negotiabons, with PUK. The plan commits Alugasa to Pta 3bn worth of the capital increase at Aluminio Español, payment of the claims against it for alumina sup-plies and withdrawal of its case

ME HIS THOUGHT HER YOUR PORTFOLIO? CONSIDER CANADA OF HEINDUSTRIAL CROUP OF FUNDS.

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ISSUE on a yield basis of £100,000,000 LOAN STOCK 2003

payable as to £30 per cent. on application and as to the balance by April 26, 1984 with interest payable half yearly on May 9 and November 9

Baring Brothers & Co., Limited

Hambros Bank Limited Morgan Grenfell & Co. Limited

Hill Samuel & Co. Limited N. M. Rothschild & Sons Limited Kleinwort, Benson Limited

Lazard Brothers & Co., Limited S. G. Warburg & Co. Ltd.

J. Henry Schroder Wagg & Co. Limited

Application has been made to the Council of The Stock Eachange for the £100,000,000 Loan Stock 2003 (the "Stock") to be admitted to the Official List for quotation in the Gift-edged market.
multiples of one penny, Renounceable allotment letters (partly paid) in respect of the Stock will be despatched on November 9, 1983. Stock Certificates will be despatched on May 3, 1984 provided the balance of the moneys payable has been duly paid.

The Stock will be available in registered form, transferable in multiples of one penny. Renounceable No person is authorized to give any information or to make any representation not contained berein or in the Extel Card dated October 26, 1983 giving information relating to the Bank for any abridgement hereof or thereof authorized by the Bank or any of the Managers named above. This does not constitute an offer to sell or solicitation of an offer to buy the Stock in any jurisdiction to any person to wrhom it is unlawful to make such an offer or solicitation. The Stock is not open for applications to subscribe by U.S. persons. "U.S. persons "means any person who is a national, citizen or resident of, or who is normally resident in the United States, including the estate of any such person, corporations and partnerships created or organized in the United States of America, its territories and all areas subject to its jurisdiction. The application is: will open at 10.00 a.m. on Thursday, November 3, 1983 and will close later the same day

INFORMATION RELATING TO THE ISSUE

Determination of Rate of Interest and Issue Price

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock, having a Gross Redemption Yield equal to the Issue Yield as determined on the basis described below.

The Issue Yield shall mean the sum of one per cent, and the Gross Redemption Yield on 13½ per cent. Treasury Stock 2004-2008 ithe "Reference Stock" calculated by reference to the price of the Reference Stock on The Stock Exchange, London at 3.00 o.m. on Wednesday, November 2, 1983, such price to be determined by Baring Brothers & Co., Limited ("Barings") to be the arithmetic mean of the bid and offered prices quoted on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The Gioss Redemption Yield on the Reference Stock will be expressed as a percentage and will be calculated on the basis set out in the Journal of the Institute of Actuaries, Vol. 105, Part I, 1978, page 18.

The rate of interest ettaching to the Stock will be an integral multiple of one quarter of one per cent, and will be consistent with an issue pince as near as possible to but not more than par. The issue once will be expressed as a percentage rounded to three

It is intended that notice of the Issue Yield, rate of interest and issue price will be published in The Financial Times on Thursday, November 3, 1983.

Underwriting Arrangements

8y an Underwriting Agreement dated October 31, 1983 Sarings, Hambros Sank Limited, Hill Samuel & Co. Limited, Kleinwort, Benson Limited, Lazard Stothers & Co., Limited, Morgan Grenfell & Co. Limited, N. M. Rothschild & Sons Limited, J. Henry Schroder Wagg & Co. Limited and S. G. Warburg & Co. Ltd. (the "Managers") have agreed with the Sank to underwrite the issue of the Stock.

Barings, on behalf of the Managers, and the Bank may agree in certain circumstances to terminate the Underwriting Agreement, which is subject to certain conditions and accordingly, if they so agree or the Underwriting Agreement does not become unconditional, applications for the Stdck will become void.

Terms of Payment in Respect of Applications

Each application, unless made by a recognized bank or stdckbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque payable to Baring Brothers & Co., Limited and crossed "IBRD Loan", representing payment at the rate of £30 per cent. of the nominal amount of the Stock applied for. Such cheques must be drawn on a branch in the United Kingdom lincluding Northern Irelandi, the Channel Islands or the Isla of Man of a bank which is either a member of the London or Scottish Cleaning Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing

Sarings, on behalf of the Bank, reserves the right to retain the relevant allotment letters and surplus application moneys lif anyl pending clearance of applicants' remittances and allotment.

An alternative method of payment is available in respect of payments of £10,000 or more only to recognized banks or stockbrokers who irrevocably engage to day 8aings for credit to the account designated "IBRO Loan" by 10.00 a.m. on Wednesday, November 9, 1983 the amount in Town Clearing Funds representing gayment at the rate of £30 per cent. of the nominal amount of the Stock in respect of which their applications shall have been accepted. The expression "Town Clearing Funds" shall mean a cheque or bankers' dayment for £10,000 or more drawn on a Town Clearing.

The balance of the amount payable on the Stock allotted must be paid so as to clear on April 26, 1984. Any amount paid in advance of its due date shall not bear interest. Failure to pay the balance on any Stock when due will render all amounts previously gaid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of 15 ger cent. ger annum may be charged on such balance if accepted after its due date. The Bank further reserves the right in default of payment to sell any such Srock fully paid for its own account.

The expression "recognized bank or stock-broker" shall mean any organization which is a recognized bank for the ourposes of the Banking Act 1979 and any tirm of stockbrokers which is a member of The Stock Exchange and such other banks or brokers as Barings shall at their absolute discretion agree for the purposes of the issue.

Renounceable allotment letters (partly gaid) in respect of Stock allotted will be despatched not later than November 9, 1983 by first class post at the risk of the gerson submitting the application in accordance with the instructions stated on the Application

Allotment letters may be split up to 3.00 g.m. on April 24, 1984 in accordance with the instructions contained therein into denominations or integral multiples of £100.

Unless a duly renounced fully paid allotment letter with the registration application form duly completed is received by 8arings on or before April 26, 1984, the Stock regresented by such allotment letter will, when fully gaid, be registered in the name of the original allottee and thereather Stock will be transferable only by instrument of

Stock Certificates will be despatched on May 3, 1984, after which date allotment letters will cease to be valid for any purpose.

TERMS AND CONDITIONS OF THE STOCK

The issue of the Stock has been authorized by a Resolution of the Executive Oirectors of the Bank passed on October 27, 1983 and will be constituted as an unsecured obligation of the Bank by an instrument to be dated November 9, 1983 executed by the Bank and degosited with Barings. The Stock is not an obligation of any Government.

Negative Pledge

As long as any of the Stock shall be outstanding and unpaid, the 8ank will not cause or germit to be creared on any of its property or assets any mortgage, gledge or other lien or charge as security for any bonds, notes or other evidences of indebtedness hererofore or hereafter issued, assumed or guaranteed by the Bank for money borrowed lother than purchase money mortgages, pledges or liens on property purchased by the Bank as security for all or part of the ourchase pince thereoff, unless the Stock shall be secured by such mortgage, pledge or other lien or charge equally and rateably with such bonds, notes or other evidences of indebtedness.

The Srock will bear interest from November 9, 1983 at a late per annum to be determined in accordance with "Determination of Rate of Interest and Issue Price" above, interest will be payable by equal half yearly instalments on May 9 and November 9 I"Interest Payment Dates" in each year except that the litst payment of interest on May 9, 1984 will be calculated using the following formula. --

 $I = R \times 169/365 \times 30 p + R \times 13/365$

where R is the rate of interest attaching to the Stock (expressed as a percentage), pirs the issue price and I (expressed in pounds and rounded to three decimal places) is the first interest payment per £100 nominal amount of the Srock.

Interest will cease to accrue on the Stock on the due dete for redemption thereof unless payment of principal is improperly withheld or refused by the 8ank.

Form and Transfer

The Stock will be issued in registered form and will be transfarable in multiples of one penny by an instrument in writing as if the Stock wera a security to which Section I of the Stock Transfer Act 1963 of Great Stitain applied or by any other form approved by the Bank, The initial Register and Transfer Office for the Stock will be at 8arings, 8ourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Redemption and Purchase

The Stock will be repaid at par on November 9, 2003. The 8ank may at any time purchase Stock on any recognized stock exchange or by tender lavailable to all holders of Stock alike) at any price or by private treaty at a price texclusive of expenses and accrued interest! not exceeding 120 per cent, of the middle market quotation of the Stock on The Stock Exchange for failing such quotation on such other stock exchange on which the Stock is listed for the time being! at the close of business on the last business day before the date of purchase but save as aforesaid the 8ank may not purchase any Stock. The 8ank will be entitled to hold and deal with Stock so purchased which may be cancelled or not as the 8ank thinks fit.

Payments of principal and interest will be made in pounds sterling by werrant, drawn on a Town Clearing Branch of a bank in the City of London, which will be sent, not later than the business day prior to the due date for payment thereof, at the holders' nsk by post td persons who are registered as holders of Stock as at the close of business on the relevant Record Date or to their nominated agents and made payable to such holders or as they may direct. In the case of joint holders, the warrant will be sent to the firstnamed unless instructions to the contrary are given in writing. The "Record Date" shall mean the thirtieth day before an interest Payment Date but should such thirtieth day fall on a day on which the specified diffice of the Registrar is not open for business then the Record Date shall mean the first day theraafter on which such specified office is open for business.

Events of Default

If the Bank shall default in the payment of the principal of, or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund in, any onds or notes fincluding the Stockl or similar present or future abligations which have been issued, assumed or guaranteed by the Bank, or in the performance of any other obligation arising from "Negative Pledge" above, and such default shall continue for a period of 90 days, then at any time thereafter and during the continuance of such default the holder of any of the Stock may deliver or cause to be delivered to the 8ank at its Principal Office in the City of Washington, District of Columbia, United States of America, written notice that such holder elects to declare the principal of all Stock held by him to be due and payable, and on the thirtieth day after such notice shall be so delivered to the Bank the principal of such Stock shall become dua and paveble, unless pndr to that time all such defaults theretolore existing shall have been cured.

Principal will cease to be gayable on the expiry of a period of 10 years and interest will cease to be payable on the expiry of a period of 5 years, in each case from the due

Replacement of Stock Certificates

li any Stock Certificate is mutilated, defaced, destroyed, stolen or lost it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs as may be incurred in connectron therewith and on such terms as to evidence end indemnity as the Bank and the Registrar may require. Mutiliated or defaced Stock Certificates must be surrendered before replacements will be issued.

If the 8ank wishes to issue further stock so as to form a single issue with the Stock, it shall be at liberty to constitute such further stock by a supplemental instrument on terms that it shall be consolidated and form a single issue with the Stock.

All notices shall be valid if despatched by post to the holders of Stock at their registered addresses (in the case of joint holders to the address of the holder whose name stands first in the Registerl. Any such notice shall be deemed to have been given

on the day following the date of such despatch. Modification of Rights The conditions of the Stock, the provisions of the Instrument and the rights of the holders of the Stock will be subject to modification by Extraordinary Resolution of the holders of the Stock as provided in the Instrument. Such a Resolution will require a

majority of not less than three-quarters of the votes cast thereon.

The Stock and the provisions of the Instrument will be governed by and construed in accordance with the laws of England. Legal proceedings in connection therewith may be brough; in the courts of England.

INFORMATION RELATING TO THE STOCK

Current United Kingdom Tax Treatment and Stamp Duty

Interest on the Stock paid as provided herein is payable without deduction of United Kingdom income tax.

Holders of Stock who are liable to United Kingdom tax on capital gains should note that the provision in Section 67 of the Capital Gaina Tax Act 1979 which exempts from tax capital gains on Gift-edged securities has defined for such purposes) held for more than 12 months does not apply to the Stock. Transfers of the Stock are free of United Kingdom stamp duty.

The Stock will be eligible to be dealt in on The Stock Exchange in the Gilt-edged market. The Stock will normally be traded for settlement and delivery on the work day after the date of the transaction. The price of the Stock will be quoted inclusive of

It is expected that dealings on The Stock Exchange will begin on Friday, November 4, 1983 for deterred settlement on Thursday, November 10, 1883.

When the Stock is listed it will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961.

Building Society Status

When the Stock is listed it will be an investment falling within the Schedule to the Building Societies (Authorised Investments) (No. 2) Order 1977 (as amended) and will fall mitially within Part III of that Schedule.

PURPOSE OF THE ISSUE

The net proceeds to the Bank from the issue of the Stock will be used in the general

PRINCIPAL INFORMATION REGARDING THE BANK

Except as otherwise indicated, all amounts set forth herein are expressed in current United States Dollars.

The Bank is an international organization, also known as the World Bank, which was established and has been operating since 1946 under the Articles signed by the governments of its member countries. One hundred and forty-six countries are now members of the Bank, The principal office of the Bank is located at 1818 H Street, N.W., Washington, D.C. 20433.

Principal Purpose of the Bank

The Bank's principal purpose is to promote the economic development of its member countries in the interest of fostering the long-term growth of international trade and improved standards of living. Its principal activity is providing loans for specific projects and related technical assistance.

The loans held by the Bank lincluding Idans approved but not yet effectivel at June 30, 1983, totalled \$69.820.347,000 of which the undisbursed balance was \$36,072,944,000. With the exception of \$977,019,000 in loans to the international branches compressions all loans have been made to under unconditionally quaranteed by

Finance Corporation, ell loans have been made to, or are unconditionally guaranteed by, member countries. The Bank's cash and liquid investments, which totalled \$13,196,260,000 at June 30, 1983, are invested in obligations of governments and of certain agencies and instrumentalities of the United States Government and in time deposits and other unconditional obligations of banks and financial institutions.

The following table shows the borrowings and the capital and reserves of the 8ank at June 30, 1983: The state of the s

201101111130	17	
Short term Payable in U.S. dollars	1,500,735 12,541	1,488,194
Medium- and long-term Payable in		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Ú.S. dollars	14,402,545 7,372,713	
Deutsche marks	6.674.710	
Swrss francs	6.259,235	
Other currencies	3,197,475 37,906,678	
Principal outstanding at face value	237,586	
Less-Net unamortized discounts and premiums.	79.669	38,064,595
Total		39,552,789

Less—Net unamoruzed discounts and premiums	36,004,595
Total	39,552,789
Capital and Reserves'	
Subscribed capital stock	52,088,580
Less - Uncalled portron of Subscriptions	47,369,141
Capital stock paid in	4,719,439
Reserves and accumulated net income—unallocated	4,178,642
Total	8.898.081

(1) The figures with regard to cepital stock in the above table are based on the substitution of one special drawing right ("SDR") of the International Monetary Fund ("IMF") for one 1944 dollar Ithe basis for expressing the Benk's capital under its Articles. The Bank has not finally determined how its capital is to be valued in current dollars following the 1978 amendments of the Articles of Agreement of the IMF.

From July 1, 1983 to October 15, 1983, the Bank's short-term borrowings increased by a net amount of \$606,490,000 and the medium, and long-term borrowings increased by a net amount of \$1,822,142,000.

The uncalled portion of capital subscriptions, totalling \$47,369,141,000, may be called only when required to meet obligations of the Bank for funds borrowed or on any loans which might be gueranteed by it. This amount is thus not available for use by the

Bank in making loans.

At June 30, 1983, the callable capital of the 16 members of the 8ank which are also members of the Oevelopment Assistance Committee of the Organization for Economic Co-operation and Development was \$30,956,332,000.

On the basis of the substitution of one SDR for one 1944 dollar (see footnote 1 above), the authorized capital of the Bank at June 30, 1983, expressed in current United States dollars, was \$76,547,278,000 1716,500 shares). This amount of authorized capital includes a capital increase of 365,000 shares labout \$44,000,000,000], which is subject to reduction under certain circumstances depending on the detarmination of the valuation of the Bank's capital stock.

(\$1000s)

752,001

55.090.383

Summary Balance Sheet at June 30, 1983

740013	
Oue from banks	652,685
nvestments	12,842,111
Cash collateral invested	
Receivable on account of subscribed capital	4,013,821
Receivable from contracts to borrow	1,090,888
Receivable from sales of investment securines	235,457
Accorded income on loose	82,903
Accrued income on loans Accrued interest on investments	825,583
Logo extended of myesularits	181,986
Loans outstanding	33,747,403
Notional amounts required to maintain value of currency holdings	.813,042
Other assets	044 504
Total	55,090,383
	33,030,303
Liabilities, Capital and Reserves	
Liabilities	
Accrued charges on borrowings	
Amounts required to maintain value of currency holdings ,,,,	
Notional amounts required to maintain value of currency	1,235
Accounts pausile and other links	246,246
Accounts payable and other liabilities	164 843
	22.252
ravage or caso constrai tereson	4.013.821
Oue to international Development Association	847.339
Short-term corrowings	
Medium- and long-term borrowings	1,488,194
Capital and Reserves	38,064,595
Capital stock (SDR'000s)	
Authorized capital (SDR 71,650,000)	

Subscribed capital (SDR 48,756.100) 4,719,439 Payments on account of pending subscriptions..... 102,599 Special reserve 292,538 General Reserve Accumulated net income 3.134,103 Accumulated net income-unallocated.....

Total...

Contributions to special programs

This information relating to the Bank is qualified and further explained by the detailed information and audited financial statements published on behalf of the Bank in the Extel Card relating to the Bank dated October 26, 1983, which is available in the Extel Statistical Services and copies of which may be obtained from:-

> Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE

Cazenove & Co., 12 Tokenhouse Yard. London EC2R 7AN.

W. Greenwell & Co., Bow Bells House, Bread Street. London EC4M 9EB

Rowe & Pitman. 1st Floor City-Gate House, 39-45 Finsbury Square, London EC2A 1JA.

775.501

(23.500)

752,001

620,3S2

(22,700)

The Bank has agreed to pay to the Managers a commission of one and one quarter per cent, of the nominal amount of the Stock for their services in managing and underwriting the issue from which the Managers will, on behalf of the Bank, pay a commission of three quarters of one percent, of the nominal amount of the Stock to other underwriters of the issue. The Bank will also pay brokerage of one eighth of one per cent, of the nominal amount of Stock issued pursuant to subscriptions received from or through recognized banks and stockbrokers. The total expenses of the issue (including the abovementioned commissions and brokerage) are estimated to amount to about £1.45 million and are payable by the Bank.

GENERAL INFORMATION

There has been no material adverse change in the financial condition of the Bank since June 30,

The Bank has obtained the approval and agreement of H.M. Government required under the Bank's Articles of Agreement in connection with the issue.

Copies of the instrument constituting the Stock and of the latest audited accounts and of the Articles of Agreement of the Bank will be available for inspection at the specified office of the Registrar until redemption of the Stock.

Copies of the following documents will be available for inspection at the offices of Freshfields, Grandall House, 25 Newgate Street, London EC1A 7LH during normal business hours until November:

1983:—

(i) the Articles of Agreement of the Bank;

(ii) the Underwriting Agreement referred to above;

(iii) a draft, subject to modification, of the instrument constituting the Stock referred to above;

(iv) the audited accounts of the Bank for the five years ended June 30, 1983; and

(v) a copy of the Journal of the Institute of Actuaries. Vol. 105, Part J. 1978, pages 15 to 26.

Principal Office of the Bank 1818 H Street, N.W. Washington, D.C. 20433. Receiving Bank and Registrar Baring Brothers & Co., Limited,

34 Beckenham Road, Beckenham. Kent BR3 4TU.

B Bishopsgate. London EC2N 4AE. Solicitors to the Bank

Solicitors to the Managers Slaughter and May, 35 Besinghall Street, London EC2V 5DB

Landan EC 1A 7LH.

Cazenove & Co.; W. Greenwell & Co.; Rowe & Riman; 12 Tokenhouse Yard, London EC2R 7AN:

Bow Bells House; Bread Street.

1st Floor City-Gate House, 39-45 Finsbury Square, London EC2A 1JA.

2. Amount of Stack

Amount payable on Stock accepted

6. Balance payable

T. A.R. No.

8. Cheque No.

Address in fall

......

(4) Usual Signature.....

Sumanne. Jaiso state designation: Mr., Mrs., Miss or thie)

01000110001000010000000000000117111

organization

 $\mathcal{L}_{i} = \{ (-\infty, i) \in \mathbb{N} : i \in \mathbb{N} \mid (-\infty, i) \in \mathbb{N} \mid (-\infty, i) \in \mathbb{N} \}$

1000 1908 1902

APPLICATION FORM

The application list will open at 10.00 a.m. on Thursday, November 3, 1983 and will close later the same day. This Form must be lodged with Bering Brothers & Co., Limited, 8 Bishopagate, London EC2N 4AE. The Stock is not open for application to subscribe by U.S. persons as defined in the Advertisement dated October 31, 1983 (the "Advertisement"). INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (THE "BANK") ISSUE ON A YIELD BASIS OF £100,000,000 LOAN STOCK 2003 Payable as follows: On application £30 per cent, the balance of the issue price on April 26, 198

To Barrin, Brothers & Cat., Simited in accordance with the series of the Advertisement, these apply as below. Uniformly the advertisement, these apply as below. Uniformly the advertise in a pay for the same in conformity with the teems of the Advertisement. nical amount of the Static planeau business or £30 per bene

Note: Applications must be for a minimum of £100 nominal amo Stock and thereufter for integral multiples thereof. TWo encloses a cheaper shawn on a branch as the United Kingdom fincluding Northers leaked), the Channel Islands or the Islands Han of a book which is either a member of the London or Scotosh Clearing Houses or which has arranged for as changes to be cleared through the Lackies; provided for the members of those Clearing Houses and made payable to "Barong Browners & Co., Lundred" and crossed "BRO Loan" representing payment at the rate of £38 per cent. of the above mentioned movings amount of Stock, by

E30 per cent. of the above mentioned monusel amount of Stuck, in consideration of the Bank agreeing to after the Stuck on and subject to the terms and conditions of the Advertisement and of the Underwriting Agreement referred to therein. Five agree that this application shall be irrevocable outsileveniber 9, 1983 and that this september shall constitute a collateral contract between me us and the Bank which shall become binding upon the despatch by mail or delivery of this application from duty completed to Baring Brothers & Co. Limited. Utile understand that the completion and delivery of this form accompanied by my nor change constitutes a representation that my our change will be because in easier to have the first presentation. I've hereby engage to pay the balance payable on the Stock by April 28, 1984 on any aleument made to the former and the allowest table to cancellation and that release to pay such factions by the doe into well render the amount previously post stube to factorize and the allowest hable to cancellation and that interest at the rate of 15 jibr cent. Jur amount may be charged on such balance a accepted effect its deviate and that the Back tray, exhibited prequice as any other rights, in deliver of payment sed, the Stuck fully paid for its own account. Live agains leading that any electrons letter and it appropriate) chaque for any application moneys returnable to meles is hable to be hald penting clearance of such payment.

such payment.

1/He hereby represent that I am not more of us is a U.S. person (as defined in the Advertisement.

1876 healthy neurost that any allutiment of Stock to me'us be evidenced by a letter of allutiment addressed to me'us and be sent by post at my, our risk to minute at the first address shown below.

[1] Usual Signature.
In the case of a Corporation, the Common Seal must be affixed or this form support by a day authorsed officer who must state his capacity. USE BLOCK LETTERS mes ni hat.... Summer: taken state designation: Mr., Mrs., Miss or take Full Postal Address:

ALTERNATIVE METHOD OF PAYMENT (This method of payment is available in respect of payments of £10,000 or more only to recognized banks or stockbrokers as described in the Advertisament.) We hereby engage to pay Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE for craft to the account designated "1980 Loan" by t0.00 mm, on-Wednesday, November 9, 1983 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the command automnt of the Stock efforted to per ceru, or me seminas assume of the stock souther to the person's! named above an respect of this application. In consideration of the Bank agreement as about the Stock as membered above we agree that this engagement shall

be arevocable ust! November 9, 1983 and that this

sentence shall constitute a collateral contract between

as and the Bank at menhouse above.

In the case of a Corporation, ye surpe met art to bentle a dule authorised officer who must state his capacity.

Stamp of bank or ; ker claiming brokerage (if any)

INTL. COMPANIES & FINANCE

Bond group retailing arm in the red

By Michael Thompson Noel

work in 1952-83 included stack, demand for consumer durables, and slimmer growth margins arising partially from a weaker Austratian property market. Group retail sales fell by 12.4 per cent to A\$344m. There was a pre-tax loss of A\$10.3m compared with a pre-tax profit last year of A\$673.000.

last year of A\$673.000.

As a result of the closuce of its retail operations in Victoria, Waltons saw an extraordinary loss of A\$12.1m, although net extraordinary losses were extraordinary losses there were extraordinary net profits of A\$20.1m.

"Fact mater districts of the

of A\$20.1m.

"Each major division of the group has been under scrutiny to ensure improvement on the performance of 1983," the directors said yesterday. In particular, they are examining the cost of current retail credit operations, and hoping to woo joint-venture partners for property development schemes.

"Interest charges in 1982-83 were A\$7.4m compared with A\$10.5m, and further reductions are promised.

Vickers and **BHP** offshoots to merge

By Our Sydney Correspondent

A NEW Australian engineering company is likely to be listed soon, following the planned merger of Vickers Australia, which is 66 per cent owned by Vickers of the UK, and Commonweath Steel, an 86 per centowned subsidiary of Broken Hill Proprietary (BHP), Australia's largest company.

Vickers and BHP are each expected to take a 40 per cent stake in the new company,

stake in the new company, Comsteel Vickers, with the remaining 20 per cent publicly

owned.

Mr. Colin Harner, chairman of Vickers Australia, told share-holders last month he believed a rationalisation of the Australian heavy engineering sector was due. There is to be no offer for

There is to be no offer for the outstanding shares either in Vickers Australia, or the unlisted BHP subsidiary. Commonwealth Steel lost As6.4m (US\$5.9m) in the year to May 31, while Vickers Australia saw a profit of A\$3.9m in the 12 months to Jnne 30.

As at June 30, Chuan Hup's fixed assets were \$\$141.6m, while total assets were proceeds would be approximately \$\$43.6m (US\$20.4m). DBS said the money would be used to support the expansion and development of Cbuan Hup's shares, obtained in and development of Cbuan Hup. which owns and charters off-the owns are the owns are the owns and the owns are the owns are

months to Jnne 30.

Rationalisation of activities is firmly expected. The merger will take BHP back into sbirbuilding for the first time since 1977, given that it will acquire an interest in the Cockatoo dockyards, in Sydney.

which owns and charters off-tion of Asia-Pacific Shipyard Private.

Chuan Hup was incorporated in 1970, and has been active in solidated pre-tax profit of industry support services \$519.3m for the current year, throughout South-East Asia. In the year ended June 30, turn-over was \$\$64.6m. According to

Midterm earnings more than doubled at MHI

WALTONS BOND, the property and retailing arm of Mr Alan Bond's Bond Corporation Hold than doubled its unconsolidated sales fell by 18.7 per cent to Bond's Bond Corporation Holdings, of Perth, suffeced an A\$8.6m (US\$7.9m) net loss in the year to July 31. It has launched a major drive to lower costs and formulate a "more robust" marketing strategy.

The 1982-83 loss compares with a net profit of A\$2.7m in the previous year. The damage occurred in the second half, which saw a A\$10m deficit, on sales of Y944bn—an increase compared with one of A\$2.8m of 25.8 per cent. Net profits

which saw a A\$10m deficit! on sales of Y944bn—an increase eight in the compared with one of A\$3.8m of 25.8 per cent. Net profits per share were Y7.15, compared with 1982-83 included slack demand for compared with the same period of the previous year.

With a strong compared with the same bowever, were break-even price to the previous year. With a strong earnings out-look for both the current and the next fiscal year, the com-pany is to lift its dividend by YI to Y5 for the full current

During its first half, MHI's sales of chemical plant rose

account for 14 per cent of the MHI won the lion's share of orders for handy-bulk-carriers from Sanko Sleamship which

has placed an order for 111 vessels totalling 1.25m tonnes. As a result new orders received by MHI in the balf year ceached 50 vessels compared with only eight in the comparable pre-Most of new ships ordered, however, were placed at betow break-even prices at a time when

April. MHI has tried to cover these loss-making orders by reducing costs' through streamlining its material purchases as wett as savings from standardisation since Sanko's massive orders are all for ships 2.5-fold to account for 20.6 per massive orders ace alt for sbips cent of turnover thanks to of the same size and type.

strong exports to Saudi
Arabla. Sales of heavy earthmoving equipment advanced by
46.8 ner cent to 31.3 per cent
of the total. Sales in the
machinery division were up by

10 the same size and type.

In spite of these gains MHI's
shipbuilding sector accounted
for only 14 per cent of turnover, against 38 per cent in
1975. It is still, however, the
machinery division were up by

MITSUBISHI HEAVY Indus- 4.5 per cent to account for 11.1 pany and as a result, its retries (MHI), Japan's largest per cent. covery had an immediate impact However, in the shipbuilding on earnings. The company now has a back-

log of orders for 90 new ships which will keep its yards busy throughout both the current fiscal year and the next. The for new orders.

Pro6tabitity in the shipbuilding division is expected to improve in the second half-year. However, unprofitable plant sates to the Middle East ace due to be delivered in the current hatf, reducing second-

balf profits.
For the full year, ending March 1984, MHI expects to doubte pre-tax profits to \$48bn. Sales of \$71,800bn, up by 9.6 per the sbip building market had hit rock bottom—in March and cent, are forecast. The com-pany said it hopes to be able to maintain profits for 1984-85 at the same level as in the current year.

 NTN TOYO Bearing. Japan's second largest bearing manufacturer, has reported unconsolidated pre-tax profits down by 10.3 per cent to Y5.80bn for the half-year to September despite record sales of Y96.54bn, up by 2.4 per cent.

First-half advance by Casio **Computer**

By Our Tokyo Corresponden

CASIO COMPUTER, one of Japan's largest manufacturers of electronic calculators, lifted pre-tax profits by 13.4 per cent to a record Y7bn (\$30m) in the half year to September on fiscal year and the next. The sales of Y37.56bn, up by 12.7 company says it is now trying to per cent. Net profits were 9.5 take a tougher stance on prices per cent higher at Y3.2bn but net profils per share fell to Y21.33 from Y22.75.

Sales of desk-top calculators rose by only 1.5 per cent to account for 45 per cent of the total but electronic watch sales were 11.6 per cent higher, accounting for 33.8 per cent. The company is expanding electronic walch production by 36 per cent to 30m units in the current year, concentrating on analogue quartz watches.

Sales of office computers and electronic musical instruments jumped by 50 per cent and total exports rose by 10 per cent to account for 67.3 per cent of

Casio expects to post record sales and earnings for the full year for the seventh consecutive time. Pre-tax profits are pro-jected at Yl4bn, up by 11 per cent on sales of Y173bn, up by

House building boom lifts **Pretoria Portland Cement**

BY OUR JOHANNESBURG CORRESPONDENT

A HIGH level of residential owned by Barlow Rand, has building activity increased increased its dividend to 70 demand for cement in the September quarter and belped raise total sales by the South African cement producer.

Pretoria Portland Cement (PPC) to R290m (\$2257m) in the manufactucer, Plascon Evans (Plevans) bad increased

(PPC) to R290m (\$257m) in the year to September. In the proceeding year sales were R271m.

Operating profits, before interest and tax, rose to R88.6m from R83.4m. The directors are not sure which way the construction sector is going although Mr Chris Wroggeman. the finance director, says that to R27.4m. the finance director, says that demand for cement and lime is strong at present. It is not clear if this is simply due to contractors hurrying to finish jobs before Christmas or whether the demand derives from new

manufactucer, Plascon - Evans (Plevans) bad increased operating profits in the year to September despite a decline in

A total dividend of 23 cents has been declared from earnings of 65.8 cents a sbare. The 1981-82 financial year resulted in earnings of 58.3 cents a share and a total dividend of 25 cents. business. Plevans is an 80 per cent-owned PPC, which is 62 per cent subsidiary of Barlow Rand.

Chuan Hup Marine funds expansion by rights issue

SINGAPORE — Chuan Hup DBS in the five years ended Marine is making a rights issue June 30, turnover had grown of 22.5m new S\$1 shares at S\$2 almost three lines.

As at June 30, Chuan Hup's

N. American Quarterlies

			_	
AVNET			Nei profits	
First quarter	1983	1982	Nine months Revenue	,
Revenue	355.5bn	274.9m	Net profits	
Net profits	18.7m	12.3m	Net per share	
Net per shere	0.53	0.35		
net por sieroninininini	V		READING & BATES	_
EG 4 0				_
Third quarter	1983	1982	Third quarter	
		\$	Revenue	,
Revenue	237.9m	207.6m	Net profits	
Net profits	11.9m	10.3m	Net per share	
Net per share	0.40	0.35	Het per anare	
Nine months			Nine months	
Revenue	672.2m	618.6m	Revenue	:
	34m	20.1m	Net profits	
Net profits	1.14	1.03	Net per share	
Net per share	1.14	1.03		
HARCOURT BRACE			SHELL CANADA	
Third quarter	1983	1982	Third guarter	_
	2			
Revenue	231.9m	191.4m	Revenue	
Net profits	28.7m	23.7m	Net profits	
Not per share	3.16	2.62	Not per share	
Nine months	2.10	2.02		
	447.7m	445.) m	Nine months	
Revenue			Revenue	
Net profits	25.7m	19.2m	Net profits	
Net per share	2.84	2.13	Nel per share	
PANCANADIAN PETRO	M.EUM		SMITH INTERNATIONA	Ē
Nine months	1983	1982		_
	CS	CS	Third quarter	
Revenue	634.6m	552.9m		
Net profits	173.3m	158.9m	Revenue	
Not per share	1.39	1.27	Net profits	
har her warmen	1.00	1,42.7	Net per share	
PUROLATOR			Nice months	
			Revenue	
Third menter	1983	1982	Nel profits	

U.S. \$100.000.000



Scotiabank The Bank of Nova Scotia

Floating Rate Debentures Due 1993

In accordance with the provisions of the Debentures, notice is hereby given that for the six month Interest Period from 31st October, 1983 to 30th April, 1984 the Debentures will carry an Interest Rate of 9½°, per annum and the Coupon Amount per U.S. \$5,000 will be U.S. \$251.20.

Credit Suisse First Boston Limited



CREDIT FONCIER de FRANCE U.S. \$200,000,000 Exchangeable Floating Rate Notes due 1989 For the three months

31st October, 1983 to 31st January, 1984 the Noles will carry an interest rate of 913/4% per annum with a coupon amount of U.S. \$25.08. The relevant interest payment date will be 31st January, 1984. Liated on the Luxembourg Stock Exchange. By: Bankers Trust Company Fiscal Agent

U.S.\$120,000,000 Guaranteed Floating Rate Noles due 1984

Citicorp Overseas Finance Corporation N.V.

(Incorporated with limited liability in the Netherlands Antilles) Unconditionally Guaranteed by

CITICORP 6

Notice is hereby given that the Rate of Interest for the third one-month sub-period has been fixed at 9.1.2 per annum and that the interest payable for the third one-month sub-period in respect of US\$10,000 nominal of the Notes will be US\$80.21. The total amount due for Coupon No. 16 payable November 30,

November 1, 1983, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBAN(

INTELMATIQUE invites you to a SMART CARD executive seminar ON DECEMBER 7 AND 8th

A TWO-DAY SEMINAR ON THE SMART CARD IS TO BE HELD

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AT THE INTERCONTINENTAL HOTEL Organised by Intelmatique (the international marketing arm of the French PTT), a group of the world's leading experts - both suppliers and system operators - is being brought together to present their collective views

of this ropidly developing and chollenging new technology. During the event, these speakers will expose the 'state of the ort' implementations already existing in France and elsewhere including: POINT OF SALE
 TELEPAYMENT
 HOME BANKING
 PAY-PHONE

The international scene will also be covered with contributions planned from Scondinovio, USA and West Germany. A parollel exhibition will feature a range of Smort Card products and

Telepayment. English will be used as the working language for the seminar which is aimed primarily at decision makers and other executives anxious to obtain a full understanding of the market possibilities of the Smart Card products.

will include live presentations of some of the French trials such as

The fee for the Conference (including some meals but excluding accommodation) is 220 US dollars. Preferential rates are available from the Intercontinental Hatel if bookings are

To obtain further information and to register as a delegate please contact: Mr Pierre Chalopin - Intelmatique - 98, rue de Sèvres - 75007 Paris. Telex : 203185 - Telephone - 33 [1] 306.16.36

Intelmatique THE ORGANIZATION FOR THE INTERNATIONAL MARKETING OF TELEMATIQUE PRINCE E PRINCE REPORT OF THE PRINCE OF A SPECIAL PRINCE OF A SPECIAL PRINCE OF THE STREET OF THE SPECIAL CONTRACT OF THE SPEC

Newman-Tonks at £2.8m as Monarch exceeds budget

PRETAX profits of metal hardart fil.83m. against £3.64m. Preward manufacturer. Newman lax results were struck after intorest of £677,000 (£615,000) and to normal profitability. F2.71m to E2.83m in the 12 similar trading losses of £318,000 months to July 31 1983, follow: £230,000) from discontinued ing the half-time rise from activities.

The quarter August in October is traditionally the least profitable in the year, but indications are that the figures will be better than budget, the directors state. The etimpany's budgets are in their opinion, both encouraging

The company's budgets are in their company's budgets are in their common, both encouraging and realistic.

A second interim dividend of 3.45 per 25p share teams for previous (ear) and a final of 1275p is predicted for the final three months of the period.

Turnover for the 12 months and some again profitable.

Turnover for the 12 months rose from 147.12m to 149.39m, while trading profits were higher.

The South African company is through. This is showing up in through recommend a recovery in a through. This is showing up in through recommend the company's major customers in the construction industry. The company has now slimmed down overseas observations to offset the difficult conditions at home. The group's company has now slimmed down overseas literests are also on a recovery trend. At 77p, up 2p, the p/e of 8.4 is supported by an attractive 10 per cent yield.

profitable companies which have not litted in with its corporate policy. It has also consoli-dated complementary production within certain mainstream areas and the material benefits from this reorganisation are expected to accrue in 1983-84.

@ comment

Somment

Newman-Tonks Group's results
bear the scars of both flat market conditions and the extensive reorganisation programme, the disruptive effects of which ensured there was little, if any organic growth to report. The best thing that can be said of the past 1a months is that the worst is almost certainly overing terms of a final payment of the former will start to come through almost immediately, it is the latter which will spur recovery. Although there have been false dawns before, there are clear signs that a foreign-led inpurm in orders is now filtering through. This is showing up in the number of orders from many of the company's major customers in the engineering and hardware businesses which have opened up overseas operations to offset the difficult conditions at home. The group's coverse in the opening this of the past 1 home. The group's coverse in the opening through almost immediately, it is the latter which will spur recovery. Although there have been false dawns before, there are clear signs that a foreign-led inpurm in orders is now filtering through. This is showing up in the number of orders from many of the company's major customers in the engineering and hardware businesses which have opened up overseas operations to offset the difficult conditions at home. The group's coverse interests are in the opening through the opened up overseas operations to offset the difficult conditions at home. The group's coverse interests are in the opening the profits of the former will start to come the company's major customers in the engineering and motor dealing.

Both of the businesses operated by the Chivers Book Sales profits in the second half, while being acceptable, may not match those achieved in the opening the profits of the company of the compa activities.

After an increased tax charge to from the U.S., less £316,000 financing charges and group marketing costs in the U.S.

Monarch has exceeded its profits budget for the year. The company is saill seeking further businesses which trade in compatible products.

The company has changed its year end to follower 31 and results for the full 15 months to that date will be announced at two end of January 1964.

The quarter August to October 31 and tow end of January 1964.

The quarter August to October and the first time and have disposed of non prohibible companies which have a first to companie to contain a first to conditions and the extensive forms and the scars of both first market to conditions and the extensive forms and the scars of both first market to conditions and the extensive forms and the scars of bot

Scott & Robertson exceeds £0.5m and restores interim

WITH ALL subsidiaries trading profitably, Scott and Robertson returned sharply improved results for the six months ended August 26 1883. At the pre-tax level profits totalled £569,000, which compares with losses of £124,000 for the same period last year and profits of £216,000 for

the second six months.
Interim dividends are being restored with a net payment of 0.75p on the enlarged share capital—a final also of 0.75p was

capital—a final also of 0.75p was paid for 1982-83 year.

Group turnover for the opening half expanded by £3 96m to £11.75m and trading profits amounted to £613.000 against previous losses of £52.000—Scott and Robertson manufactures packaging products and fabrics.

Anaplast and Plasti-Covers, boli acquired earlier this year, produced profits in line with those anticipated, while Thomas produced profits in line with those anticipated, while Thomas Boag and its subsidiary improved their margins and

success with its intermediate flexible bulk containers and the market leaders in this setivity.
However, they point out that in the manufacture of polypropy, lene woven carnet backles.

At the annual meeting the lene woven carpet backing, the level of turnover and margin was too low to produce an acceptable return on the capital

Although associate Tay Spinners has drastically reduced the level of its trading losses since the last report to share holders in June this year, the looks as if the first time con-

nproved their margins and Earnings amounted to 765n per 25p share, against previous Tay Textiles had continued losses of 2.55p nn the old capital.

COMMENT

It looks as if the first time considered it prident, in view of all the prident of the Investment by a further of the Investment to the Investment by a further of the Investment of the Investment by a further of the Investment of the Investment by a further of the Investment of the Investmen



They helped make 1983 a better year for McKechnie

Extract from Chairman's Review:

We have seen a useful improvement in the operating profits of subsidiaries, but a reduced contribution from Associates. Our profit before taxation has increased by nearly 10%.

Many of the factors which held back our profits last year were unusual events and we have irradicated a number of loss-making situations. A number of our companies finish 1983 with generally improving trading

Although we see no clear signs of any substantial recovery in the economies of any of our geographic locations, we have started 1983/84 on a brighter

Dr. J. M. Butler, Chairman

COMPARATIVE RESULTS

1983 £000 £000

158.108 154.603

Turnover Profit before taxation

11,072 10,114 3,622

Ordinary dividend 4,163 per share **7.2765**p 7.2765p

Earnings per share

13.6p 13.1p

(AcKechnie Biothers pic is the parent company of an international group of companies primarily encaped in the manufacture of semi-finished products in non-ferrous and ferrous metals and plastics and serving the building, electrical and engineering industries as well as having important sales of consumer goods to retail outlets.



Acqual Report and Accounts will be posted to Shareholders on 33 November 1983.

Gieves recovers to £497,000 at halftime

FOR THE six months epded

Redwood Rura historically a

book and magazine manufac-turer, had a good first half. The directors point out that in recent years the development of this subsidiary's web prinuing facili-ties has enabled it to broaden number of new markets.

As a result of this, they say profitability is now more consistent throughout the year without the strong bias experienced

in earlier years.

Roundabout Garages was the only sector to show a fall in profits profits

A divisional breakdown of trading profits shows: tailors and outfitters £167,000 (£32,000 t, book and magazine manufacture

may be slowing down Gleves has at last established a profits plat-form after a sustained period of poor performance. Gleves is now generating cash which begs the question of where it might go next. Having returned £3.7m to shareholders in 1980, when the binder company was sold. Gieves presumably bas no burning plans for diversification. Meantime the price of 100p is underpinned by a 5 per cent yield and p/e of 7.6 oo a realistic tax charge.

period last year, and current indications were that the im-proved frend would continue into the second balf of the year.

Feb optimistic

For the current year 1983 there is no reason wby results for Feb International should not be satisfactory, claim the directors in their interim re

be Satisfactory, claim the directors in their interim report.

Demand for the company's products (chemicals and building materials) continues to grow both at home and abroad. This has enabled Feb to absorb the costs of its planned developments in the U.S. and to present better figures for the first haif. In the period to June 30 1983 turnover expanded from £9.95m to £12.13m and orofit before tax moved ahead to £405,000. from £342,000. After tax £183,000 (£158,000) the net profit is £222,000 (£184,000) for earnings per share of 3.25p (2.99p). The nre-tax profit was charged with depreciation £203,000 (£195,000), interest £123,000 (£124,000) and ocnsion fund contribution £100,000 (£59,000).

The interim dividend is lifted to 0.805p (0.75p) net. The 1982 total was 2.4p when the pre-tax profit reached £862,000.

Guinness Mahon International
Fund Ltd (Guernsey)
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HIGHLIGHTS

Having briefly looked at the strong rise in the equity market, Lex goes on 10 consider the position in Hong Kong where there seems to be a restoration of a fragile market. The column then considers the practice of companies buying in their own shares and theo returns to the corporate market with a commeot on Great Universal Stores at the timing of the annual report. Fically Lex looks at the deal whereby Norwich Union is selling its banking business.

Good second half at Strong & Fisher

A SHARP swing back into profitability has been achieved by Stroog & Fisher (Holdings), clothing and fashion leather manufacturer, in the second half of its financial year ended July

The recovery more than made up the half-lime loss of £826,000 and the company finished the year with a pre-tax profit of £413,000, as against a £407,000 loss previously.

There is no dividend for the year (in 1861-82 only an interim of 1.67p was paid), but if the profit level of £1.24m achieved in the second half is maintained then it is hoped dividend payments will be resumed. The directors say the improvement is continuing, although some markets are difficult and customers remain

caut hius. External turnover decreased External turnover decreased from £39.03m to £38.66m. Protax profits were after charging distribution costs of £940,100 (£1.27m), administration expenses £2.43m (£2.82m), and interest nayable £1.58m (£2.12m). Share of associates' profits added £196.100 £223,200).

After a tax charge of £11,900 (£283,200).

After a tax charge of £11,900 (£150,500 credit) and extraordinary losses up from £258,900 to £573,300, there was an attributable deficit of £172,300, compared with £515,200.

Earoings per 259 share were 3.60 Hosses 3.1p) before extra-ordinary items.

• comment

Strong & Fisher's earnings depend on the fickle fortunes of the fashion trade, so the market has become accustomed to dramatic zigzags on the profits graph. Despite the improved results, the shares ended unchanged at 77p, where the group is capitalised at £8.4m. Perhaps the market was also influenced by the fact that the bottom line is still well in the red after extraordinary costs of £573,000. The group says it has completed its drive to cut capacity and pull out of unprofitable areas, which has involved a 25 per cent reduction in the workforce to 1,000. Meanwhile, lower stocking requirements have allowed a £1.4m reduction in borrowings to 17.6m—still 93 per cent of sharereduction in borrowings to 17.6m
—still 93 per cent of sharebolders funds. Garment manufacturers remain wary of building up leather stocks after the
recession in the clothing industry, so the most Strong & Fisher
can do in the present climate is
to trade more profitably at lower
volumes. In this respect, the
fashion for high-margin, light-

volumes. In this respect, the fashion for high-margin, light-weight leather products suits its slimmer shape. But if sales start to rare ahead again, the group's bigh level of gearing could become a real strain.

Small and Tidmas loss

PRE-TAX losses of £136,000, have the sale of property freehold of £41,000 (profit £114,000). No lax and Tldmas for the first six months of 1983, No interim dividend is again payable—there was also no final payment last year when the company incurred losses of £244,0000 in the full year.

Turnover of this manufacturer Turnover of this manufacturer this.

of knitted fabrics improved from £2.3m to £2.72m. There was a reduction in trading losses from

ate this.

During the latter part of this £23m to £2.72m. There was a reduction in trading losses from £74,000 to £55,000.

The pre-tax losses were after interest charges up from £34,000 of book value.

ROARD MEETINGS

DOMIN		(FFI11400		
TODAY Interime—Cloment Clarke, Filet fuelling, Impenal Cold Storage, International		Elswick-Hopper Faedback Hunting Associated Industries	Nov Oec Nov	10
Finals-A and G Security Electr	colos	Monks Investment Trust	Nov	
Aberdeen Trust, British Car Au		Rush and Tomokins	Nov	
Fundinyest, Majedie Investi		Slingsby (H.C.)	Nev	
	twich	Tem-Consuloto		
Parker. FUTURE OATES		Walker and Staff		24
lota rime-		Jayplant	Nov	4
Associated Skitish Foods N	ov 7		Nov	10
Beecham	lov 30	Platignum	Nov	11
	lov 10	Smiths Industries	Nov	9
Country Guntlemen's Assn. N	lov 4	Tyzeck (W.A.)	Nov	7
Ostyn Packaging N	lov 4	Yarrow	Nov	8

DIVIDENDS ANNOUNCED

		AITHUU	III	
	Current payment	of spon	rre- Total ding for v, year	Total Jast year
	Cramphorn 20 Dualyest int. 4.11 English and Int. int. 1.5 John Finlan int. 3 Gleves Group int. 1.1 W & R Jacob Fint. 2 Newman-Tooks Sec. int. 3.45 Scolt & Robertson int 0.75 Strong & Fisher nit Viking Res. int. 0.4	Dec 29 Dec. 14 Nov. 14 Dec. 9 Jan. 6	15 25 4.09 — 1.5 — 0.75 — 2 — 2 — 2 — 1	6.25 2.25 6 5.1 0.75
ı	Third deads shown needs not show			A

A satisfactory agreement has been reached by K. O. Boardman International with its bankers, Mr B. Tomlinson, the chairman, told the annual meeting. The agreement is presently being documented.

He confirmed that the first half year would show a small profit compared with a loss of \$180,000 in the corresponding period last year, and current

GUS ahead so far this year

£56,948 to £31.760.

As aiready known, for the year ended March 31 1983, turnover, including VAT, increased from £1.84bn to £2.04bn, white pre-tax orofets climbed to £201.38m, compared with £189.16m. The provision for deferred profit and collection costs increased from £147m at March 1982, to £168m.

Sir Jesac tells members that in F147m at March 1982, to £168m.

Sir Isaac tells members that in recent months there has been an improved demand for consumer goods and financial services. The group will continue, he adds, to seek now opportunities to develop and expand its trading, property and financial activities both at home, and overseas and to improve productivity by continued investment.

At the end of March 1983, the group's ordinary stockholders'

group's ordinary stockholders' funds were up from £779.6m to £889.83m. Fixed assets amounted

for the first five months og 1983-1981 at Great Universal Stores £603.94m to £659.83m. show an improvement over the same period last year, after a further increase in the provision for deferred profit and collection costs, says Sir Isaac Wolfson, the chairmao,

The ootes to the accounts to the secounts to the fixed assets came out at £130.58m (£76.02m), of which £98.04m (£24.23m) other fixed assets

chairman, the ootes to the accounts reveal that the gross emoluments of the chairman dropped from £56,948 to £31.760.

As already known, for the year ended March 31 1983, turnover, including VAT, increased from £1.84bn to £2.04bn, white pre-tax oro6ts climbed to £201.38m, composts climbed to £201.38m, com

ing, trade in 440 shops, had a good year.

Mr Harold Bowman, the assistant managing director, added later that catalogue

shopping bad encouraging prospects. Since September there had been an improved demand and the agency strength continued to grow.

On the current overall nutions, he said "we feel reasonably encouraged since September by improving demand in a number of areas."

Meeting, Chartered Insuranca Institute, EC. November 25, BOOD.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. onstitute an invitation to any person to subscribe for or purchose any Series B Warrants.

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From 19th December, 1983 the Series B Warrants, which will entitle holders to subscribe for a total of 3,666,667 Ordinary Shares of 10p each of the Company, will be dealt in separately from the new Ordinary Shares to be issued by way of rights. The Council of The Stock Exchange has admitted the abovemendoned securities to the Official List.

Full particulars of the Series B Warrants are available in the Extel Statistical Service, and copies of such particulars may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 22nd November, 1983, being the last day for acceptance and payment for new Ordinary Shares (with Series B Warrants attached), from:-

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RI ST DIC

Noranda is back in loss but remains hopeful

MINING NEWS

AS EXPECTED in the light of Noranda Mines' recent decision to close about half its copper production capacity as a result of low metal prices, reported here on Thursday, the Canadian

a poor third quarter. Furthermore, the final quarter will also be a difficult one.

After the improvement seen in the second quarter of this year when a net profit of CS9.2m was earned. Noranda has gone back into the red in the third quarter with a loss of CS7.2m it is now apparent that results. back into the red in the third quarter with a loss of C37.5m (£4m). However, this leaves the company with a relatively small net loss of C35.4m for the first nine months compared with a net loss of C35.4m in the same period of 1982.

John Soganich reports from Toronto that the impact of the company's mining assets it will be real, sustainable value of several of the company's mining assets it will be to making operations are now making operations. Because economic circumstances have impaired the value of several of the company's mining assets it will expected in 1884."

for most Noranda group products lost momentum. Prices for copper, precious metals, lumber, potash and natural gas declined, natural resources group has had a poor third quarter. Furthermore, the final quarter will also be a difficult one.

After the final quarter will also be a difficult one.

onomic recovery on markets probably be necessary to make r most Noranda group pronets lost momentum. Prices for earnings of about C\$45m to pper, precious metals, lumber, C\$50m after tax. Final quarter tash and natural gas declined, results could also be affected by sharply in some cases. by the current labour turmed in the British Columbia forest industry.

Looking, valiantly, on tha brighter sida Noraoda points out that the economic recovery now under way in North America has not yet spread to other parts of the world and markets for many

major C\$150m tin mine—the only ona in North America—at East Kemptville near Yarmouth, Nova Scotia, now that financing and marketing arrangements are sufficiently advanced.

Construction of the open-pit property will begin in the spring and production of metal concentrates is scheduled to start at the end of 1985.

The mill will process some 9,000 tonnes of ore per day for an annual output of 4,500 tonnes of tine in concentrate plus byproducts of 1,500 tonnes of copper and 2,400 tonnes of zinc,

Mineabla ore reserves are estimated at 56m tonnes which at the planned production rate will be sufficient for a mining life of about 17 years. The mine will employ 250 people.

Rio Algom doing well and gives go-ahead for Canadian tin mine

THE Rio Tinto-Zine group's Canadian arm, Rie Algem, is still doing better than many North American natural resource group. Although Rio Algon's aarnings have come back to C\$11.09m (£6.02m) in the third quarter from C\$18.05m in the previous quarter, the total for the first nine months of the year is still well abead at C\$35.19m compared with C\$14.22m in the same period of 1982.

Rio Algom has been managing well thanks to its 68.1 per centowned Lornex copper molybdenum mine in British Columbia and to its mannium mining operations in Ontario.

In addition, a smaller loss has been sustained at the steel manufacturing and metals distribution as while this wear's strilor.

Meanwhile. Rio Algom thanks to higher prices for its copper and silver production, increased output of molybdenum and lower operating costs. These have offset reduced prices for molybdenum and lower copper grades.

However, as reported here last the third quarter to C\$597,000 from C\$2.62m in the previous three months.

They left the company with a profit for the first nine months of C\$4.15m against a loss of C\$4.15m against a loss of the current weakness in prices for copper grades.

However, as reported here last the third quarter to C\$597,000 from C\$2.62m in the previous three months.

They left the company with a profit for the first nine months of C\$4.15m against a loss of c\$6.55m in the same period of 1982. Because of the current weakness in prices for copper grades.

facturing and metals distribution current quarter.

activities while this year's exploration and administrative charges announces that it is to go ahead have been lower.

Meanwhile, Rio Algom announces that it is to go ahead with the development of its

ROUND-UP

also in concentrates.

THE LATEST quarterly report from Anstralia's Pancontinental said that it has disting has appraded reserves at the Paddington deposit near Kalgoorile, Western Australia, The company says that indicated reserves now total 75m tonnes, containing about 25,400 kilogrammes (more than 800,000 ounces) of gold.

The Paddington I orebody is estimated to contain 5.6m tonnes of ore grading an average of 3.32 grammes of gold per tonne, based on a cut-off grade of 1 gramme, while the Paddington I orebody is estimated at 2.2m tonnes averaging 3.08

NOUTHD-UT

Pancontinental said that it has stablished an optimum production level of 875,000 tonnes of continuing to rise, the latest moothly the Chamber of Mi tion in the month of the latest moothly the Chamber of Mi tion in the month of the latest moothly the Chamber of Mi tion in the month of the latest moothly the Chamber of Mi tion in the month of the latest moothly the Chamber of Mi tion in the month of the latest moothly the Chamber of Mi tion in the month of the latest moothly the Chamber of Mi tion in the month of the latest moothly the Chamber of Mi tion in the month of the latest moothly the Chamber of Mi tion in the month of the latest moothly the Chamber of Mi tion in the month of the latest moothly the Chamber of Mi tion in the month of the latest moothly the Chamber of Mines Joint Argyle Diamond Mines Joint of the latest moothly the Chamber of Mi tion in the month of the latest moothly the Chamber of Mi tion in the month of the latest moothly the Chamber of Mi tion in the latest moothly the Chamber of Mi tion in the latest moothly the Chamber of Mi tion in the latest moothly the Chamber of Mi tion in the latest moothly the Chamber of Mi tion in the latest moothly the Chamber of Mi tion in the latest moothly the Chamber of Mi tion in the latest moothly the Chamber of Mi tion in the latest moothly the Chamber of Mi tion in the latest moothly the Chamber of Mi tion in the latest moothly the Chamber of Mi tion in the latest moothly the Chamber of Mi tion in the lates grammes per tonne.

Pancontinental said that it has investments.

South Africa's gold output is to rise, according to South Africa's gold output is continuing to rise, according to the latest moothly report from the Chamber of Mines. Production in the month of September was 1,887,437 ounces, in from August's 1,853,575 ounces. This compares with last year's September output of 1,818,460 ounces.

This brings tha total for the first nine months of 1983 to 16,434,493 ounces, compared with 15,974,126 ounces at the same

Pacific growth for MIM

مركذا سد للبعل

THE current trend of trada paterns indicales that a significpant portion of the growth in demand for MIM Holdings' metals and coal is likely to occur in Asia and the Pacific Basin," says the directors' report of the Australian mineral, coal and metal-producing group.

It adds that for many year Japan has been the largest single buyer of the group's zinc con-centrate and is now emerging as the largest customer for its coal "Within the overall growth of the region it is anticipated that Japan will continue in its present role of major customer and reliable trading partner."

On the subject of the present disappointing course of world economic recovery, as far as the major mining groups are con cerned. MIM feels that while there is recovery in the U.S. "growth in international trade is being inhibited by continuing protectionist attitudes in all trading nations and tha tendency among some to exclusiva bilateral trade agreements.

"The flow-on of this recovery to Japan. Europe and thence t Australia and other commodity exporters will therefore be slow There are prospects of modes improvements in metal markets as the U.S. economy gains strength."

TCL keeping its powder dry

IN LINE with the forecast made at the half-way stage South Africa's Transvaal Consolidated Land and Exploration (TCL) has lifted net profits for the full year to September 30. They come out at RS2.7m (£48.4m) compared with R54.3m in

After bolding the interim at 75 cents, TCL is now modestly raising the final dividend to 205 cents (about 120p) to make a total of 280 cents for the year against 260 cents for the previous 12 months.

The latest aarnings, equal to 782 cents per share and boosted by the group's major gold interests, clearly offered the scope for a larger dividend increase. But TCL is taking a cautious line in view of the recent weakness in gold prices.

In addition the group needs to take into consideration the depressed state of the coal and base metal markets and its need to conserve funds for major projects in the pipeline which include the new Khutala and Majuba coal mines.

Norwich Union in U.S. deal to sell AP Bank for £25m

Riggs National Bank of Washington DC is to bny AP Bank, an authorised London bank, from the Wolfson Family has always operated more closely ington DC is to bny AP Bank, an authorised London bank, from the Wolfson Family has always operated more closely ington DC is to bny AP Bank, an authorised London bank, from the Wolfson Family has always operated more closely ington DC is to bny AP Bank, an authorised London bank, from the Wolfson Family has always operated more closely ington DC is to bny AP Bank, an authorised London bank, from the Wolfson Family has always operated more closely ington DC is to bny AP Bank, an authorised London bank, from the Wolfson Family has always operated more closely ington DC is to bny AP Bank, an authorised London bank, from the wolfson Family has always operated more closely ington DC is to bny AP Bank, an authorised London bank, from the wolfson Family has always operated more closely ington DC is to bny AP Bank, and the wolfson Family has always operated more closely ington DC is to bny AP Bank, and the wolfson Family has always operated more closely ington DC is to bny AP Bank, and the wolfson Family has always operated more closely ington DC is to bny AP Bank and the wolfson Family has always operated more closely ington DC is to bny AP Bank and the wolfson Family has always operated more closely ington DC is to bny AP Bank and the wolfson Family has always operated more closely ington DC is to bny AP Bank and the wolfson Family has always operated more closely ington DC is to bny AP Bank and the wolfson Family has always operated more closely ington DC is to bny AP Bank and the wolfson Family has always operated more closely ington DC is to bny AP Bank and the wolfson Family has always operated more closely ington DC is to bny AP Bank and the wolfson Family has always operated more closely ington DC is to bny AP Bank and the wolfson Bank and the wolfs the Norwich Union Insurance Society for \$37.5m (£25.17m)..

The purchase is subject to the usual audits and regulatory approvals.

Riggs, the largest bank in Washington, though about 80th largest nationally, had assets of \$4.2bn on September 30. It already has a branch in London, but Mr Joe Albritton, chairman, said the plan to buy AP would enable Riggs to broaden its base of banking services by drawing on the indigenous strength of AP Bank and enhancing its base for activity in both the UK and Europe.

PWA was established in 1835, and specialises in architectural ironmongery, door and security fittings, with an extensive sales

network in the UK and overseas.

For the year to December 31 1982 turnover of Parker Winder was £1.67m. Excluding an exceptional provision of £148,000, there was a pre-tax loss of £5,000.

Trent wil install its own computer-based administrative systems and expects to achieva

substantial operating economies.

The consideration will be satis-fied by the issue of Sheffield subsidiary.

modify Candecca deal

At the time of purchase NU was looking for an established merchant bank with ready access to the money market to help develop its newly formed van-ture—Norwich General Trust ture—N (NGT).

NGT operates in the industrial end commercial mortgages, agri-cultural loans and hire purchase, and was set up by NU in 1970. But It became apparent that NGT needed to operate under the wing of an established merchant banking group in order to have access to the money markets.

and Europe.

Ap Bank, previously known as established in the money market.

Anglo-Portuguese Bank, was with its own status and no founded in 1929. It was acquired longer needs to operate through

as at October 31 1983

Allowing for the adjustment of inter-company balances follow

ing completion the net value receivable by Sbeffield Brick from the disposal is not expected to exceed \$70,000.

The acquisition of Parker Winder will extend the security

Sheffield Brick offshoot

sold to Trent Holdings

profits in 1982 were £2m, against

£1.3m for AP Bank.
So though AP Bank has operated profitably, attempts to bring it within the NU orbit bave not been particularly successful. NU was feced with tha choice of putting further capital into AP Bank or selling it. It bas adopted the latter course selling et a substantial profit to the amount of capital put into

AP Bank. Norwich Union bas no intention of following the example of Hambro Life, which recently ancial service operation for policyholders, using its merchant banking subsidiary Dunbar. NU markets its life and pensions products through the insurance broker market.

P & W Maclellan

At an extraordinary general meeting convened for November 23, shareholders of P. and W. MacLellan will be asked to pass MacLellan will be asked to pass resolutions authorising the company to purchase not more than 600,000 of its ordinary shares on the Stock Exchange (just under 7.06 per cent) at prices between a minimum of 20p per share and a maximum of 50p per share for a period of 18 months Trent Holdings has agreed to purchase Parker and Acburch, e subsidiary of Sheffield Brick in Trent. Trent will pay a forup for £225,000.

PWA was established in 1835, balance being payable in respect of the loan capital, which repre-sents estimated net asset value months.

If it is decided that the company should purchase 5 per cent or more of its issued share capital in any period of 12 moinths, such purchases will be made, in accordance with requirements of the Stock Exchange by a tender offer conducted by the SE or by a partial offer made to all ordinary share-bolders

interests of Trent and will com-plement the specialised door products of its "Leaderflush bowever, intend that the com-pany sbould purchase 5 per cent or more of its issued share KCA Intl. and Sceptre to capital in any period of 12 months.

Taddale/Branon

RCA International and Sceptre
Resources announce that, in order to enable KCA to arrange per cent) at a price of 160p per suitable long-term financing, they have agreed to modify the previously announced arrangement under which KCA was to acquire a 29.9 per cent interest in Candecca Resources from Canterbury, a wholly-owned subsidiary of Sceptre.

As a result of the modification, a wholly-owned subsidiary of KCA bas acquired 3,125,000 Candecca shares (8 per cent) for tiem cash and Canlerbury has granted KCA an option, exercise holders' approval to change its able before March 1 1984, to

Panel sets deadline for Anglo **Nordic**

THE TAKEOVER Panel has given a deadline of the end of this week to Angle Nordic Holdings to decide whether it will bid for Butterfield Harvey, the refuse collection vehicles, plastic mouldings, marine factoring and office furniture group.

Anglo Nordic has indicated that it would be interested in making a bid for Butterfield but hes not said whether that interest would be converted into launched its comprehensive fin an outright offer or alterna-ancial service operation for tively, will be dissolved.

Anglo Nordic has indicated Anglo Nordic has indicated that it would be interested in making a bid for Butterfield but has not said whether that interest would be converted into an outright offer or, alternatively, will be dissolved.

The Panel stressed yesterday that Friday November 4 represents the last possible deadline and said that should Anglo Nordic intend to drop its ofter intentions, the appropriata announcement should be made

earlier, if at all possible. The tight deadline had been imposed because Butterfield shareholders will be asked to vote at an extraordinary meeting on November 11 on resolutions calling for the equity and technology links with Technology incorporated, a U.S. counter company which has direct links with Butterfield's dominant Shelvoke subsidiary in that municipal vehicles market.

Anchor Chemicals

Leski Inc, the U.S. group, has increased its stake in Aachor Chemicals, the manufacturer, processor and distributor of speciality chemicals, 10 29 per cent following the purchase of a block of 12,500 shares.

The total holding of Leski— its chief executive Mr H. K. Justi is a director of Anchor—now stands at \$32,500 shares.

No probes

The merger between Slebe Gorman Holdings and Tegalemit, Crystallate Holdings and Royal Worcester, Gninness Peat Group and Moorside Trust. Sun Life Assurance Society and North British Properties, and Hamilton Oil Great Britain and Hamilton Brothers Petroleum Company are not to be referred to the Monopolies Commission.



the major industrial areas.

But here in Merseyside, we don't intend to just sit back and see what happens. That isn't our style.

We believe in helping ourselves. And aiready our positive approach is achieving exciting results.

Ambitious schemes set up over the past twelve months by Merseyside

jobs based on Merseysiders' enterprise and initiative.

At the same time, Merseyside Development Corporation, drawing on. support from both the public and private sectors, is engaged in projects to develop over 800 acres of disused and derelict land, not the least of these being the International Garden Festival

When the Festival is over, part of the site will be redeveloped with housing and light science-based industry.

And many of the key features and amenities will remain in a superb parkland setting on the banks of the River Mersey as a lasting benefit for the people of Merseyside.

But there's no doubt about it. The economic climate in Merseyside isgetting distinctly brighter.





Working together for a better Merseyside

New contracts a tonic for Finlan

IN REPORTING pre-tax profits to £38,000, attributable profits property in Austin Bluffs Office down from £231,938 to £102,579, the directors of John Finlan say the results reflect the previously expressed expectations by the citalrman that, due to the predominance of development work mow commenced, by far the majority are located in the second half.

The vendor Is the Building D majority are located in the majority are located in the second half.

The vendor Is the Building D majority are located in the majority are located in the second half.

The vendor Is the Building D majority are located in the systems Development Coropration of U.S.\$1.25m. of the three succeeding years the tenant has the option to renew the lease for a further way of deposit.

The vendor Is the Building D majority are located in the Systems Development Coropration of U.S.\$1.25m. of the three succeeding years the tenant has the option to renew the lease for a further way of deposit.

The vendor Is the Building D majority are located in the Systems Development Coropration of U.S.\$1.25m. of U

major part of turnover and profit in the current year would be achieved in the second half.

Turnover of this Cheshire builder and land developer for the first half of 1983, improved from £1.54m to £1.62m. A substantial proportion of the turnover relates to land currently under development upon which the company has, as yet, in accordance with its accounting policies, taken no profit.

After lax down from £110,000

South-east of England. As a America Inc, and the tenant is measure of their confidence that smeasure of their confidence that some excellent results will be achieved in the second half.

South-east of England. As a America Inc, and the tenant is option to renew the lease at ton, a subsidiary of Burroughs can the company is unable acquisition will be financed by the acquisition will be completed by the middle of next January.

The directors say the present acquisition will be completed by the middle of next January.

The current year would the tenant is option to renew the lease at ton, a subsidiary of Burroughs of Eight to properly is option to renew the lease at ton, a subsidiary of Burroughs of Eight to properly is option to renew the lease at ton, a subsidiary of Burroughs of Eight to properly is option to renew the lease at ton, a subsidiary of Burroughs of Burroughs to properly is option to renew the lease at ton, a subsidiary of Burroughs of Burroughs of Burroughs and the company is unable to procure the letting of the acquisition will be ananced by the company is unable to properly for a rental income of the turn.

The directors say the present acquisition will be completed by t

Star Offshore warning

FIRST-HALF profits of Star Offshore Services were static but
the directors find it difficult to
convisage a profit being earned
in the second six months.

They explain that in common
with other companies in the nfishore supply hoat industry there
has been a marked downturn in
the day rates for the group's
in the North Sea combined with
a world-wide depression has

a world-wide depression has
pushed rates much lower than
was envisaged at the beginning
if the year.

It is pointed out that although

New Issue

Algemene Bank

Nederland N.V.

ABD Securities Corporation

Amro International Limited

Bache Holsey Stuart Shields

Banca Commerciale Italiana

Banca Nazionale del Lavoro

Bank für Gemeinwirtschaft

Bank Leu International Ltd.

Bankers Trust International

Banque Nationale de Paris

Banque Bruxelles Lambert S.A.

merce Exterieu

Banque Générale du Luxembourg S.A.

Banque Internationale à Luxembourg S.A.

Banque de Neuflize, Schlumberger, Melfe

Bayerische Hypotheken- und Wechsel-Bank

Bank of Helsinki Limited

Bank Mees & Hope NV Bank of Tokyo International

Banque Française

Banque Indosuez

Banque Paribas Barclays Bank Group

Baring Brothers & Co.,

Bayerische Landesbank

Bayerische Vereinsbank

Capital Markets Groun

Chase Menhattan Limited

County Bank Limited

Bergen Bank

Berliner Bank

CIBC Limited

Commerciank Adam process about

Crédit Lyonnais

Joh. Berenberg, Gassler & Co.

Bankhaus Gebrüder Bethmani

Citicorp Capital Markets Group

Credit Commercial de France

Credit Suisse First Boston

Creditanstalt-Bankverein

Daiwa Europe Limited

Delbrück & Co

Dal-Ichi Kangyo International

Richard Daus & Co. Bankier

Crédit Industriel et Commercial

Continental Illinois Capital Markets Group

Caiase des Dépôts et Consignation

Bank of America International

Bankhaus H. Aufhäuser

Al-Mal Group

Abu Dhabi Investment Company

Arab Banking Corporation (ABC)

It is pointed out that although activity in the UK sector remains relatively high it is very difficult at the monient to maintain full employment of ships at rates which are profitable.

Therefore, group turnover will be reduced in the second half and although the directors will continue to control costs they say "it is difficult to envising a profit being earned" for the profitable.

Turnover for the first half, to September 30 1983, rose from the second half at least £62,000.

The company achieved by £7p to 204p over the past year to August 31 1983 after taking account of substantial expenses incurred in switching the portfolio into a one-for-one basis is also suching the portfolio into a one-for-one basis is also fine Australian dollar in the supplier of alarm and security systems for a consideration of the first half, to September 30 1983, rose from the first half, to September

Berliner Handels-

und Frankfurter Bank

Cramphorn dividend up 5p

The net final dividend is lifted 5p to 20p, which raises the total The net final dividend is lifted 5p to 20p, which raises the total The net final dividend is lifted 5p to 20p, which raises the total The net final dividend is lifted 5p to 20p, which raises the total The net final dividend is lifted 5p to 20p, which raises the total the net final dividend is lifted 5p to 20p.

TR Australian growth

REPUBLIC OF FINLAND

DM 150 000 000

8 % Bearer Bonds of 1983/1990

Slock Index No. 472 038 Offering Price: 100%

Dresdner Bank

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DSL Bank

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Den norske Creditbank

Deutsche Girozentrale

Deutsche Bank

October 31, 1983

Union Bank of Switzerland

(Securities)

B. Metzler seel, Sohn & Co. Mitsubishi Finance International

Samuel Montagu & Co.

Morgan Grentell & Co.

Morgan Guaranty Ltd

Wood Gundy Limited

Yamaichi International (Europe)

Morgen Stanley International

The Nikko Securities Co., (Europe) Ltd.

Nippon Credit International (HK) Ltd.

Business and profitability for the period were severely disrupted, say the directors, by a strike in the major subsidiary, Irish Biscuits. Improved pre-tax profits of from 20p to 25p. Earnings per 1317,490 against 1304,087 have ft share expanded from 95.5p to been shown by Cramphorn, distributor of garden and pet supplies for the year ended July 2 profits from sales of freeholds amounted to £105,803 and bave changed at £11.52m against f11.08m.

A garden centre at Witham

Tate of Leeds profit slips

W & R Jacob dives

into the red after

three-week strike

action and general recession has pushed W. & R. Jacobs Into pretax losses of I£140,000 for the

28 weeks to July 15 1984. This compares with profits of 12763,000 for the comparable

Turnover of this Dublin-based

biscuit maker increased from £22.9m to £23.43m.

A COMBINATION of industrial company has again been operat-

on biscuits

AFTER allowing for losses on the oil and gas businesses acquired financing charges.

The oil and gas business is, the last May, pre-tax profits at Tate of Leeds showed a decline for the first half of 1983. The taxable surplus slipped from £297.263 to £252,963. Turoover of this company, which bases its business on a Ford main dealership, expanded from £10.4m to £12.29m.

Pre-tax profits, say the directors, include £402,103 attributable to the motor and finance divisions, but were struck after losses of £149.140 from oil and gas wells.

This latter figure, they say,

ing at a profit.

However the directors point out that the underlying trend

Cole Group advances

Pre-tax profits at Cole Group came from Cole Plastics, where a

APPOINTMENTS

Boots makes major board changes

BOOTS non-executive director, formerly an executive vice-Sir Bernard Scott, becomes vice-chairman, and Mr Robert Gunn currently managing director of currently managing director of the industrial division becomes vice-chairman and chief executive. In the retail division Mr John Hann, managing director, will retire at the end of the financial year and will be succeeded by Mr Keith Ackroyd, currently managing director of Boots The Chemists, a position he will relain. In the industrial division, group board member Dr Eric Cliffe is appointed managing director, and Mr Gordon Solway, who was director of administration, joins the division. A new appointment to the group board is Mr Terry Richardson who was previously director of pharmaceutical marketing in the industrial division. of sales and profit performance during the year has been reduced as consumer spending has reacted adversely to general recession and lo increased VAT

The directors say they are activating further improvements in cost efficiency and are planning some radical changes in total operations, because they say this is the only way the company can expect to printed future profit-

While trading results for the rest of the year will show a major improvement on the exceptional loss incurred in the first balf, the directors say they do not expect second half pre-tax profits to match the £837,000 for the second half of 1982.

The strike totally closed the company's biscuit plant and operations for three weeks and operations for three weeks and the first leaves. Since the second half of 1981.

The strike totally closed the company's biscuit plant and operations for three weeks and the first leaves. Since the second half of 1982.

The net interim divizend is held at 2p—in the last full year a total of 5p was paid. Losses per 25p share amounted to 2.2p previously there were earnings of 11.7p.

At the trading level profits fell from £1.24m to £352,000, and were subject to interest pay. TAYLOR WOODROW HOMES has appointed Mr Richard P. Mooney as deputy chairman, in addition in his responsibilities as managing director, from today. He joined Taylor Woodrow Homes in 1964 and was appointed

The strike totally closed the company's biscuit plant and operations for three weeks and caused significant losses. Since the resumption of normal working in mid-May, the fell from £1.24m to £352,000, and were subject to interest payments of £492,000 (£472,000).

There was no charge for tax this time (£30,000) leaving losses at £140,000 (profits £725,000).

Following the retirement of Mr O. S. Masefield on November 1, Mr T. A. Kent will become chalrman of the COUNCIL OF THE MOTOR INSURERS' BUREAU.

Mr T. P. Hargreaves; a director of the Enfield Manufacturing Co, has been appointed a direc-tor of SHILOH.

Mr Graham Brooks bas been appointed contracts and engi-neering director of HERBERT MORRIS, Loughborough, a member of the Davy Corp. He was engineering manager.

Mr Michael von der Nuell has become managing director of GENTRANSCO, the UK branch of the Swiss based Freight For-warder, Danzas.

UK PROVIDENT PENSIONS.

a new wholly-conned subsidiary
of UK Provident, has made the
following board appointments:
chairman: Mr S. G. Brooksbank
(chairman and managing director, UK Provident); managing
director: Mr A. E. Spedding
(general manager and actuary,
UK Provident); deputy managing
director: Mr J. J. Guaning
(deputy general manager (Investment) UK Provident); director:
Mr D. T. Flint (deputy general
manager (agency and marketing)
UK Provident); secretary: Mr UK Provident); secretary: Mr S. V. Finn (deputy general manager (property) and secre-tary, UK Provident).

Mr John R. V. Beatty bas been appointed a director of J. E. LESSER & SONS (HOLDINGS) from today. For the last five years Mr Beatty has been, and years Mr Beatty has been, and will continue as, managing director of Lesser Land. He has been with Lesser for 20 years. Mr Michael Lesser has been appointed deputy chairman of J. E. Lesser & Sons (Holdings) and of the group. managing director in 1980. In 1981 be assumed the chairman-ship of Taylor Woodrow Homes (Scotland) and he is also president of Taylor Woodrow Homes California and Taylor Woodrow Homes of Florida Inc. and a director of Taylor. Woodrow (Mallorca).

Mr D. A. Campbell has been appointed an associate director of BRADSTOCK. BLUNT (NORTHERN) from November L

Mr Ken Roberts, chairman of Norcros is to join the board of STAVELEY INDUSTRIES as a non-executive director. Mr Roberts will take over as chairman early next year, when Dr Frankel, the present chairman, retires. Before becoming chairman of Norcros, Mr Roberts was managing director. Mr David H. Williams has been appointed deputy managing director of MURRAY JOHN-STONE. He will continue to be responsible for Murray Johnstone's pension fund investment management business.

Mr C. P. Robinson has been appointed a managing director of KING AND SHAXSON from

Pre-tax profits at Cole Group advanced from £71,000 to £232,000 in the first six months of 1983, and Mr J. W. Barrett, the chairman, says this confirms the improving trend established in 1982 wheo profits of £280,000 were recorded against losses of £389,000 in 1981.

He says all activities are currently showing bigber trading profits than those for the comparable period last year, and this will be reflected in the results for the full 12 months.

A major contribution to the

A major contribution to the (£30,000). Earnings per share improvement at the half-year were 3.7p (1.1p).

ALEXANDER HOWDEN GROUP has appointed Mr. R. M. KING Page a director. Mr Page was -today.

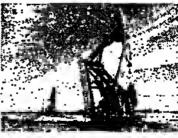
managing director.

Richard P. Mooney, ty chairman, Taylor

deputy chairman, T Woodrow Homes

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founded over 100 years ago and today is the city's largest financial institution. Other major markets where you'll find First City include Dallas/Fort Worth. San Antonio, Corpus Christi, Beaumont/ Port Arthur, Austin, and Midland.

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TECHNOLOGY

RESEARCH CENTRE AIMS TO BUILD UP ELECTRONICS KNOW-HOW

Irish eye a silicon future

BY RAYMOND SNODDY

"I'VE HAD a bit of criticism," Dr Gerard Wrivon, director of Amsterdam, studied for his Ireland's new National Micro-masters at the California Inetectronics Research Centre in Cork, admits softly.
"What is going to happen to
these students when the in-

dustry to employ them almost doesn't exist bere? But it seems to me that the industry will never appear spon-taneously unless people like these are available," he adds.

The students are Irish electronics graduates who are being trained at the Centre in the latest techniques for design, fabrication and testing of inte-grated circuits while participat-ing in research projects and earning their masters' degrees.

"Two main aims here are to provide a base of people educated to work in industry."

The dilemma over their likely future is an inevitable consequence of Irish attempts to try to persuade multinational computer companies, attracted by generous financial packages, to put down deeper technological roots in the country.
Of last year's hatch of 10 postgradnates only four are now working in Ireland. Two are studying for doctorates at Stanford University and the others are working in Cali-fornia's Silicon Valley.

Such a "yield" may, how-ever, not be as hleak for Irish needs as it may appear on the surface. Experience shows, Dr Wrixon says, that somathing like 60-70 per cent of Irish graduates eventually return

Dr Wrixon himself provides

Competing in todays

challenging financial environ-

institutions feel it is now vital to

and react quickly. Financial

properly within their chosen

and achieve required profit-

ability. However, traditional

competitive edge that these institutions are entitled to demand.

introducing a family of

designed to meet the

computer systems are not

ment, banks must be able to plan

offer new products to suit market

pressures, to position themselves

markets and to be able to monitor

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nised the need for performance

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Fokker Aircraft company in stitute of Technology, a doctorate at Berkeley and worked in the Radio Research Department of Bell Telephone Labora-

tories before returning to Cork.
"When they come back they will be a very important group of people because they will have a lot of very valuable ex-perience in the industry," Dr Wrixon says.

The

Microelectronics Research Centre, formally opened in July by the Irish Industry and Energy Minister, Mr John Bruton, is housed in a restored malting honse built originally in 1796. In the clean rooms white robed students— like noviciates in some new religious order—work on the fahrication of microchips where another generation of Irishmen worked on the production of Beamish and Crawfords —

Ireland's other stout.
"Two main aims here are to provide a base of people edu-cated to work in industry and provide a facility to carry out hasic research in all areas of microelectronics under the auspices of the EEC Microelec-tronic and Esprit programmes," says Dr Wrixon.

Apart from a silicon fabrica-

Apart from a silicon fabrica-tion laboratory the Centre is carrying out research on the use of Gallium Arsenide for the production of very fast chips for signal processing and high speed data links. It is also exploring "thick film" tech-niques—in which conductors, insulators and resistant insulators and resistors are deposited on to an inert substrate—in the search for lower circuit connection costs through

hetter use of space on the chip. The Centre has I£1.5m in research and development con-tracts many of them involving personal proof of the argument.
A graduate of University
College Cork he worked for the

tracts many of them involving
collaborative projects with industry in Ireland and the UK.

BANKING SYSTEMS

THE SPIRIT OF

Thick film technology is companies employing 22,000 eing explored under the people. Dr David Hanna. t programme together British Aerospace and Stability Northern Ireland.

The Centre is working with GEC and Queens University Belfast in developing computer programmes to model the behaviour of MOS (metal oxide semiconductors) and predict their performance. Dr Wrixon says the silicon fabrication laboratory is also trying to develop a CMOS process—for the production of low energy

onsumption chips.
"I think that if we get the CMOS process going that will be a real feat and will provide a lot of opportunity for students," Dr Wrixon says.

Within the limitations of money and size—at present there are 28 professionals and technicians, three people in administration and 14 post graduates—the aim is to carry out research comparable with that done anywhere.

And already the Centre is providing chip designing opportunities for undergraduates at

"Last year two groups of two students actually designed their own integrated circuits which we made and tested for them. As an undergraduate project that is unusual. We are hringing this technology down to undergraduate level," Dr

Wrixon said.
The Microelectronics Centre at Cork is part of a long term attempt to huild an infrastructure for an industry which is little more than a decade old in Ireland

In 1972 the Irish electronics industry consisted of 30 com-panies—mostly in consumer electronics—which had a turn-over of £35m and employed 5,000 people. Now there are more than 250

requirements of banks and other

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Win and Thirten

people. manager of the electronics and international aervices division of the Irish Industrial Development Authority (IDA) believes electronics exports for 1983 will top If1.4bn. The first five months of the year showed an increase of 22.5 per cent over the same period last year.

The emphasis now from Dr Hanna and the IDA is to try to persuade the companies already there to see Ireland as a total manufacturing hase and not just an offshore assembly plant. Companies like SEL and Prime Computer have set up software development groups.

Dr Hanna also believes that of 120 companies which the IDA have been closely involved with over the past four or five years around a quarter have development capacity as part of their Irish operation.

Another IDA target is to encourage the growth of small Irish engineering and component companies to supply the etectronics multinationals. The aim is to match the 22,000 johs in the electronics industry with

aim is to match the 22,000 johs in the electronics industry with a similar number in the component industry. "That is what we are working for. We are not there yet." says Dr Hanna.

A small example of what the drive to create an electronics industrial in the same of the

industry in Ireland has achieved —and a hint of bow far it has still to go—can be seen in the willage of Fermoy, 20 miles from Cork. In an area known more for the quality of the salmon fishing in the River Blackwater than new industry, you turn a bend in the road and there is a shiny new factory. Beehive, a video display terminal manufacturer with headquarters in Salt Lake City, has provided more than 50 new jobs in an area where more types proceded. area where most young people book 1984, published by Machave to travel to Cork for work. millan should repay close atten-

But although some develop-ment work is being carried out in Fermoy to tailor products for the European market only about 5 per cent of parts for the VDU are produced locally so far—and most of toat is packaging.

Telecoms Monomode optical fibres

STANDARD Telephones and Cables, STC, has demon-strated monomode optical fibre communications systems. This could lead to longer distance between repeaters which boost the signal along the fibre.

Most systems in use today used multimode fibres which require signal repeaters every 6 to 8km. Monomode fibres could increase this distance to 30km. Two 140 Mblt/s mono-mode systems supplied by STC to cover 27km hetween Luion and Milion Keynes have no repeaters.

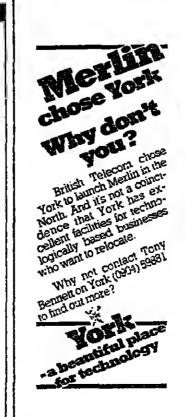
Lighting Fluorescent starter

ARLEN Electrical of Slough in Berkshire claims three major advantages for its new fluorescent lighting starter over conventional devices.

First, it has a programmed start mode to avoid cathode damage; second, the flashing and delay common with con-ventional devices is eliminated. Third, energy savings can be in the region of 20 per ceut.

The company claims the new starter also reduces fire risks in a failed tube through built-in safety shut down circuits.

The device is based on a silicon chip designed hy Texas Instruments in Bedford. More on Slough 37921.



Floppy disc makers jostle for position

than four ins but which will be able to store up to one mega-byte of data. At present disc media and

equipment makers are vying by default," he says. "Sony as for position in the embryonic a company cannot set a standmarket for these tiny disc storage units. The company or group which gains the largest foothold for a particular disc in the UK already committed to system standas to win the race its disc. While in the US. Hewelth the standard in the last Packard RC1 and Sord to become the standard in the industry as well as stealing a significant market lead.

There are four competing technologies in the sub-four in arena each reluctant to concede to any of the others. The companles who have developed the microfloppies are Sony. Dysan in the U.S., Hitachi and IBM, though it remains stubbornly sitent on the microfloppy saying that it has no product presently in the core of the control of the core of the cor sently in that area despite it beign widely known that some-thing is under development. The computer industry, until now has shown a certain dis-

regard for standardisation. The aim has also been to gain such industry's standars committee

opment of the next generation drop out of the game altogether, of floppy discs — the microfloppies. These are floppy discs which have a diameter of less Sony, who is looking after the UK market for microfloppies. "Sony is the most advanced of all the systems," claims Allison, "It will become the standard data gathering equipment, by default," he says. "Sony as Hitachi-Maxell has opted

> lett Packard, RCA and Sord have signed up to the Sony de-stgn. HP has already introduced a system which incorporates the

Last month, Dysan announced its entry into the market. Dysan and Tabor, the disc drive manuand Tabor, the disc drive manufacturer, are pushing a 3½ ins diskette which is a miniature version of the 5½ ins disc which is accepted as a single standard, but the capacity is the same and more. Dysan is trying to push the idea that using exactly the same type of media and disc is the way forward. In the U.S. the way forward. In the U.S. standards discussions, Dysan decided to withdraw from a disc



PORTABLE computer and a large share of the market that when it looke like Sony was microcomputer manufacturers competitors are forced to adopt agoing to get the most support, are watching closely the devel-the most successful product or Sony's slightly larger disc is encapsulated in a hard plastic —described as a semi-rigid shell-cover which makes it slightly more robust for portable applications. One of the great selling points for outdoor applications such as weather

> Hitachi-Maxell has opted for a rigid shell construction but had chosen a 3 in format as against Sony's 31 ins. Hitachi's dimensions were made apoar-ently to conform to Japanese standard postal dimensions in bearing manufacturer. order to avoid excess charges hoping to participate in its first imposed on odd-sized docu-ments, Hitachi too, has a great deal of support from other manufacturers. Amdex. part of the Westrex group in the U.S., has introduced a Hitachi format disc drive for personal computers.

Despite all the discussion about small discs few U.S. manufacturers have flocked to adopt them. The next range of portable products which are likely to use them are under development so time is becoming increasing short to make a

ELAINE WILLIAMS

How to choose a micro computer pages, the authors cover the

IF YOU are thinking of huying a computer for business and you need help and advice, the choice lies hetween a consultant—in practice, this often means your locat smalt systems supplier-or reference hooks.

For those determined to take the tatter, harder route. The Microcomputer Users Hand-book 1984, published by Maction.

Written and compiled by Dennis Longley, head of computing and cyhernetics at Brighton polytechnic, and Michael Shaln, consultant to the National Computing Centre on telesoftware, the volume is a veritable rade mecum of the microcomputer world.

It does not purport to be a book of the "computing made easy" variety, having much more in common with the excellent Computer Users Year Book, now published by Computing Publications, and which is the standard reference to the entire industry. entire industry.

In almost 400 closely spaced computing

essential decision to be made in understanding the computer, buying it, and making effective

Many of the more popular systems and applications programs like Visicalc, dBase II and Unix are described in useful detail (many peopte hate to admit they don't know wbat a "spreadsheet" program ls).

There is a massive section giving descriptions of most of the microcomputers commer-cially available and advice on what to do once you've made your purchase. On writing your own applications programs, for example, it warns; "One can only commence hy paraphras-ing Punch's advice to those contemptating marriage—don't," going on to say "At best, a suitable package will emerge but prohably later and with greater total cost than originally estimated."

One of the best features of the handbook is a series of articles on current trends in contributed

authorities in their respective fields. Here, for example, is Fred

Lamond on microcomputers and the corporate mainframe: "Corporations and their pro-fessional staff should consider using free standing microcom-puters in preference to main-frame for all the smaller computing and modelling tasks for which microcomputers are suitable."

And R. Falk of VisiCorp on Vision, one of the first of the integrated suites of business programs: "With Vision, the operator views on the screen a representation of a desk top. It includes images of the things one commonty works with documents and folders." Inevitably in such a massive

work of reference there are errors and omissions but the aim is to publish yearly; such is the pace of change that this volume will have to be signli-cantly updated for 1883. Pub-lished later this week, the handbook costs £16.93. ALAN CANE



Steel

Plasma process wirs

ievour SKF, the Swedish sicel and major projects for its plasma steel making technology. Investment, which depends on government financial support for prototype equipment, coutd worth as much as SKr 700m.

It is talking with two other organisations, Skanska Cement and Energiverken, the local district heating and distribution authority in Stockholm and Malmo in Sweden. They hope to build two plants for producing sponge iron and ferrochromium.

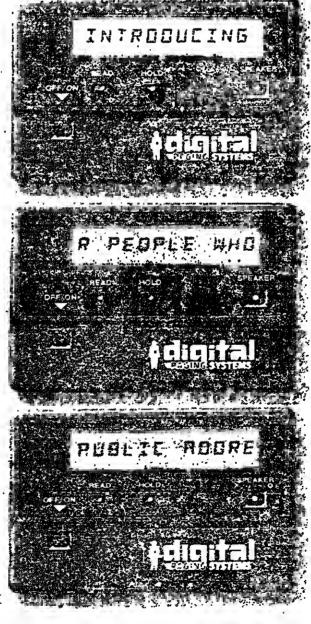
In recent years, SKF has spent more than SKr 130m on developing its plasma techno-logy to cut the cost of making steel. The importance of plasma technology is that it is an economic process for small production capacity. The principle behind the technique is the ionisation of a gas into plasma. Electrical energy is applied to two copper electrodes and transferred to a gas stream ionising it as it passed between the electrodes.

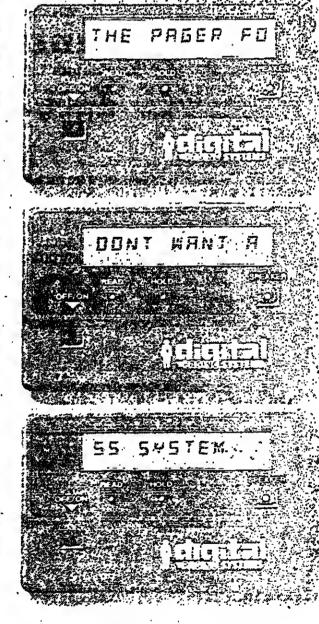
SKF's major achievement was using this technique in the production of sponge from which is needed for special sieels production. Today's production ts predominantly based on natural

The first plant to use plasma technology is now under construction at Laodskrona in southern Swedeo. A new cora-pany, ScanDust, will use the plant to recover zioc, raw iron. and other metals from five dust of steel mills.

or steel mills.

If government funds are forthcoming, SKF and its partners will build the ferrochromium plant at Malmo in southern Sweden and the sponge iron plant near Stockholm. ELAINE WILLIAMS





Until now, we've kept it quiet.

The new pager from Digital is strictly hush-hush.

Not just because it's the first of its kind. Also, it's for . the businessman who'd rather his messages were seen and

As even the most fervent advocates of radiopaging have to admit, a buzz or squawk in your pocket can happen at the most inopportune moments. Red faces all round.

Alternatively, here's a new pager you won't hear a beep out of (unless you want to). Instead, your message of up to 80 characters marches

across an LCD silent screen, or stays in the 4-message memory until you want to action it.

Of course, there are plenty more pagers where that came from. Though they're admittedly, a little less discreet.

The service is available initially in London and the Home Counties. Send the coupon, and have a quiet word

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EDITED BY CHRISTOPHER LORENZ

Although it has still to make its first sale, Merlin has elready succeeded in raising £1m to develop a sophisticated new private telephone exchange (PABX) and is currently forg-ing ahead with plans to market it in the U.S. and Middle East. Says Richard Poulden, one of the company's five founders:
"We did not set out in make
a quick buck out of liberallsation. We have started a com-pany which will compete any-where in the world."

As such Merlln's outlook is different from many of the new companies which have entered the field since the British Government began liberalising its telecommunications market more than three years ago. Ministers had hoped to witness a surge of new, dynamic entre-preneurial companies but the painfully slow liberalisation has mostly tended to encourage businesses with a dnmestic horizon which concentrate on low technology products such as and answering

By contrast, Merlin's sophis-ticated digital exchange, based around powerful microprocessors which can have up to 64 exchange lines and extensions, will initially compete bead on with exchanges sold by British Telecom and made variously by Plessey, GEC, TMC and Mitel and with a new exchange from STC and with simpler key systems. Merlin's exchange bas

INCENTIVE share options are

e common feeture of the North American executive's remunera-

American executive's remunera-tion package—but due largely to the wey they are taxed in Britain they are virtually un-known this side of the Atlantic. That could soom change if informal soundings currently being taken by the Department of Trade and Industry are con-verted into legislation next year. The Small Firms Minister

The Small Firms Minister, David Trippler, for example, is

alreedy known to favour con-cessions while bodies like the

British Venture Capital Associa-

tion (which recently produced

e discussion paper with the help of Arthur Andersen) heve been

gently lobhying for a change in

The case for better treatment

of share options in the UK is strong. For though new ven-

tures have mushroomed over the last three to four years 't is widely acknowledged that only

Young Merlin spells out its ambitions

seen only on large exchanges, including integral call lngging equipment which will print out details of calls made. (Merlin is also the name of British Telecom's new office

automation arm which has been promoted in a mejor press and television edvertising campaign. Although Merlin of Stroud registered its name first it would seem likely it will defer to BT
—not least because no small
telecommunications company can afford to have a major fight with BT.)

The driving force behind Merlin, which was set up at the beginning of 1982 by five would-be telecommunications wizards, bas been chief executive Richard Poulden, a bar-rister, business school graduate rister, business school graduate and former management consultant and merchant banker.

"I'd spent a lot of my life advising people on business." comments Poulden. "I wanted to prove it was possible to start and run e business. There comes a time when telling people what to do to be saved is not enough in itself."

The main technical "brain" is John Hearfield, technical and development director who used to be in cherge of the technical approval of PABXs at British

Hearfield had been involved

The knowledge and experi-ence of Merlin's directors have clearly helped the company through some of its early difficulties but not surprisingly - given the scale of its ambitions - major hurdles have yet to be

telecommunications consultance Merlin was set up with £32,000 nf the five founders' own money and a £75,000 loan from Bar-clays under the Department of Industry's loan guarantee scheme. The initial finance was scheme. The initial finance was enough to produce a rather unsophisticated prototype exchange which could be used for raising further finance. "We made it clear to the bank that we would spend that money on the assumption we would raise entire" core. Poulden. equity," says Poulden.

After trying many of the con-ventional sources of venture capital Merlin finally raised £900.000 with a private place-ment of 55 per cent of its equity with three institutions by stock-brokers de Zoete and Bevan. (Poulden produced a 150 page husiness plan as part of the company's presentation.) The founders retain an option to huy back control of the company.

small exchange could be built
much more cheaply than
monarch, taking advantage of
the rapid developments in
January and the second is immimicroprocessor technology.

The capital is being paid in
three tranches of £300,000, the
first of which was paid in
January and the second is immimem. It has enabled Merlin to

develop the first production model of the PABX. In brief...

Manufacturing is being sub-contracted to two companies making printed circuit boards TWO RESEARCH projects designed to further knowledge of the small company sector have recently been and two making metal cabinets. Final assembly and testing will se done by Merlin itself in

Merlin, however, has run into a couple of technical problems: impressive group of insti-tutions (the Association of Investment Trust Companies. first in making the exchange work at all and secondly in meeting BT standards. the European Commission, the National Association of

Technical approval has yet to be granted by BT, which is testing a considerable amount of equipment on behalf of the Department of Trade and Industry. Merlin is nevertheless confident that its exchange will meet BTs technical and safety

The other big challenge for the company is to sign up the right distributors—a decision which Merlin says is now imminent. One of the most important requirements of a distributor for a comparatively sophisticated product such as a digital PABX is the technical ability to service it and to do so very quickly. Merlin thus needs leading telecommunications or possibly computer dis tributors. The company, mean-while, has appointed consultants in the U.S. to look for potential distributors there—the exchange will need some significant technical changes to operate on the American telephone system. Merlin intends to license other companies to sell

Once the short term problems of distribution and epproval are out of the way, of course Merlin faces the much harder uphful struggle against competi-tors with far stronger technical and financial resources.

Unversity of Newcastle upon Tyne is attempting to build an operational model which will predict the financial failof small manufacturing firms three years ahead of the event. A sample of 1,060 companies will be selected from existing computerised data on manufacturing firms in the North of England and failed businesses will be compared with a wide range of existing

David Storey, one of the project's co-directors, argues that "because of the increas-ing financial assistance pro-vided by central and local government, predicting the fallure rate of small firms is now very important."

BUSINESS OPPORTUNITIES

Dr Storey would like to hear from anyone with views on the subject and from local authorities/public sector agencies which might apply the technique. Write to him at The University of Newcastle upon Tyne, Newcastle upon Tyne, NEWCASTLE.

Following the explosion of

ion Funds and the Stock

Exchange to name but four) has clubbed together to

support "an investigation of unquoted holdings of UK-financial institutions".

The aim of the study is to

establish in the absence of reliable official statistics— just how much money has

been committed to unquoted

securities by UK financial institutions. Holdings will be

classified according to their geographical, industrial and financial characteristics and

an assessment of the results

an assessment of the results achieved so far will be made (in aggregate form). Finally, the principal differences between experiences in the UK and U.S. will be examined.

Researcher Donald Adam-son (formerly of Edinburgh fund managers, Baillie Gif-ford) will follow up the

survey with a series of inter-views. He stresses that con-

More controversially the

interest in venture capital an

David Marsh meets the organiser of France's Business Creation Clubs

'You need to contact a lot of people'

ONE FAST growing French FFr 5,000 of his own had to small business: with sales of be supplemented by loans from FFr 6m (£506,000) a year in the innovative area of plastic window frames would probably be FFr 20,000 he needed.

Remembering his humble beginnings, and underlining his beginnings, and underlining his beginnings, and underlining his

for the all-too-evident energy of beginnings, and underlining his its owner.

Tomas Pino-Garcia, a 44-year two fast—you cease being able two fast of fast—you cease being able two fast—you cease being able two fast of fast—you cease being able two fast of fast—you cease being able two fast of fast you cease being able two fast—you ceas

now has 20 staff, aims for turn-over of FFr 10m next year, and over of FFT 10m next year, and has been profitable, says Pino-Garcia, from "year one." "We would be bigger," he says, "but I've been putting in place a movement. You need to contact a lot of people to create new herizons."

Pino-Garcia, who moved with his parents to France when he was seven years old, played a leading role in the setting up five years ago of the first of what is now a national network of

fidentiality will be maintained and that the project is "independent of commercial erpolitical interests." He can be contacted at Nuffield College, Oxford OXI INF. is now a national network of Business Creation Clubs. The clubs, organised on a regional hasis, now total more than 50, linking 2,500 small businesses representing 40,000 employees around the country. The clubs' umbrella national committee, of which Pino-Garcia is president, has become in just a few years France's leading private sector organisation lobby-ing the Government to improve conditions for small business

start-ups. Pino-Garcia claims credit for Pino Garcia claims credit for helping persuade the previous right-wing. French government to bring in legislation to help workers made redundant to set up on their own. They are now allowed to claim six months of social security benefits in a single lump sum to provide necessary start-up capital for their own businesses.

Pino Garcia recalls that regulations of this sort would have been a help when he set up ISO-K. He spent 10 months on the dole trying to find work after resigning—after a dispute with the rest of the board over corporate policy—from his previews joh as chairman of a Paris polyester company.

Finally, he set up his com-

esta la constitución de la const

Pino-Garcia's association, to-gether with the government-backed Business Creation Agency (ANCE) has also been putting pressure on Ministers in the present Socialist administra-tion to inverse the lot for tion to improve the lot for small entrepreneurs.

The Government has recently amounced a three-year tax-free holiday for new businesses, but this amounts to only a small im-provement. Previous legislation allowed a 50 per cent tax deduction over five years — and both Pino-Garcia and ANCE would like more action.

As e man who believes is organisation. Pino-Garcia stresses the need for collaboration between different groups. Together with ANCE, Pino-Garcia's committee is organising a European conference this month in Strasbourg to bring together small businessmen and women from all ten EEC countries. The conference will allow entrepreneurs to swap information and ideas in a series of working party sessions de-voted to topics like how to attract risk capital, co-opera-tion with larger companies and the setting-up of international sales points.

is an individualist," says Pino-Garcia. "But it is a question of developing his role in society. We want to know what happens in the UK, Italy and Germany. We need to develop

*European Business Creation T. D. lically exhausted — the 25007, France Forum, November 11-12, Stras-

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in the development programme of BT's Monarch exchange. This is a highly successful small digital PABX (originally with a maximum size of 120 extensions) developed by BT and manufactured by Plessey and GEC which has been exported to a number of countries. As a result Hearfield knew that a small exchange could be built much more cheaply than Monarch, taking advantage of

An incentive for key managers

longer term. Because of the high risks of failure and the consequent need to pay hig any subsequent growth in the salaries, young businesses are nevertheless often unable to ject to income tax rather than recruit the right calibre of capital gains tax (Finance Act executive. ment skills are likely to survive

Under present UK tax legis-

lation everything that an "active" manager obtains from a company is treated as income, including the cash end notional proceeds of shares in the business. Under the 1970 Income and Corporation Taxes Act, for example, an employee who exercises a share option must pay income tax on the difference between the option price and

the individual has derived any cash from the holding. To make matters worse when the employee does decide to sell

There are edulttedly some exceptions but the upshot is that a key employee could weil subscribe for shares on iden-tical terms and at the same time

tage of lightly taxed Incentive Stock Options (ISO) and Non-Statutory Stock Options (NSSO). This is particularly so in advance of public issues. Provided that the sometimes complicated conditions are satisfied the rewards can often

and Corporation Taxes Act, for example, an employee who exercises a share option must pay income tax on the difference between the option price and the market value at the time, This is particularly invidious since tax can be payable before

made available to all employees

he spectacular.

To "remedy the defects" in Britain, meanwhile, the BVCA is calling for a "radical over-haul" of the present system. In particular the Association suggests that the capital a growth of shares between the spectacular.

a capital gain (though any difference hetween the option price and the market value at the time of granting, says the BVCA, should still be taxed as Robert Siper of the New York accounting firm Main Hurdman KMG reports that executives in smaller American companies BVCA, snould still be taxed as income). An increase in the value of shares after they have been acquired should be charged to CGT when realised — provided three years have; elapsed since the option was granted—and no tax at all should be paid until the individual ceases to be the beneficial owner of the shares.

The BVCA concindes by drawing attention to the Business Expansion Scheme — "which provides tax incentives to passive investors unquoted companies.

"It would now seem appropriate to induce active management to take substantial

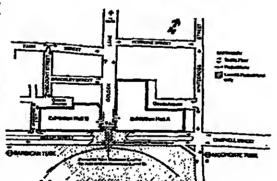
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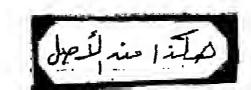
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U.K. COMPANY With netional deport network end reputation for exceptional service, amploying skilled mechanical and electrical anginers with radio controlled field agrees with radio controlled field agreement and controlled field agreement and controlled field fiel Write Box F4584, Financial Times 10 Cennon Street, ECAP 48Y

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Individuals/companies invited to participate with a successful management team in a secure but exciting sector of the North American real estate market. Substantial capital growth projected over a 2/5-year period. Minimum investment of £20,000.

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A significant shareholding is available in a small expanding Lloyd's Insurance Brokers at present specialising in UK non-Marinc. This is en attractive investment opportunity end as such we are looking for a corporate investor who will be in a position to influence new business and the general growth and developmant of the company.

> Write Box F4593, Financial Times 10 Connen Street, London EC4P 48Y

EXPORT OPPORTUNITY -ACCOMMODATION

Due to frustrated Nigerian contract, we have 24 No. 20ft x 8ft CKO (flat packs) 6 piece robust, fully insulated sandwich-panel buildings available for immediate shipment complete with electrics (Incl. ACU facilities), partitions, steel skids incorporating facilities for wheeling. Ideal for progressive contacts/temporary housing etc.

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Clients require substantial leasing portfolios and in appropriate circumstances will assume the burden of Balancing Charges

Please fprward details to: Robspn Rhodes 186 City Rpad, London ECIV 2NU Ref: JIF/HG

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Well established company Gradur London erus having upgraded their resources now have spare capacity for.

ACQUISITION DR MERGER WITH SIMILAR OPERATION COMPANY WHO ARE CONSIDERING INSTALLATION OF DWN EQUIPMENT COMPANY WHO WISH TO REDUCE THEIR CURRENT DATA PROCESSING DEPARTMENTAL COSTS

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to self unique Direct Sales products manufactured to British end International Standards, Uniquality high profit potential and fest cash-flow. Joinnte worldwide merkets

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before (we're also satisfied that they are actually benefiting their users). Geest Computer Services has

200 staff in five offices throughout the South. And the backing of a £320m turnover parent company. We also have a range of products and services which appear to sell themselves.
If you'd like to know more ring

John Nicholson on 0223 66111 or fill in the coupon below. We promise not to sell you a thing!



I'd like to know how Geest can contribute 10 the success of my business. Please send full information [Please ask your Business Consultant to call [Position: .. Company: _ Address: .

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Substantial public company wishes to acquire a British Leyland Dealership situated in the Northam Home Counties Minimum turnover £4m to £5m

MONEY AND MANAGEMENT

AVAILABLE

We act for a successful client who is prepared to invest funds and business axpanise in a small support of the successful company in the South of England.

Principals only raply rot:
Heines Wetts (Ref 1800)
Charland Accountants
Starling House, 12 Cross Street
Basingstoke, Hampshire PUBLIC PROPERTY COMPANY WISHES TO ACQUIRE PRIVATE PROPERTY COMPANY/ PORTFOLIO WITH NET ASSETS OF EZM TO £10M.

We are seeing on behelf of an lodestrial client a company, preterably in England, to the food, lood-service and food-slaviculon fairs. For this actualisant is an amount up to £5 million svaliable, although the actual form of accounted can be very figible, Oor client world be particularly interested in companion with a strong established product the Piscar report to:

SMALL WHOLESALE AND RETAIL

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TESEL ENGINE Manufacturers Co. required. Cash byter waiting. Printerpain any write Box G.9200. Financial Times. 10. Garnon Spreet. Longon EC69 48Y.

Client wishes to purchase a small to medium company in these or related fields STARBUCK STONE & CO 24 Bennetts Hill, Simingham B2 2JL

HAULAGE & ALLIED TRADES A prominent and respeated Heulega Company wishes to expand trading activities by acquisition of a com-pany/buciness of similar interests in the Home Counties or Midlends. Contact in complete confidence: Orr Shotliff, Chartered Accounts 160 Piccadilly, London WIV ONQ Telephone: 01-493 3903

BUSINESS WANTED

BRITISH LEYLAND DEALERSHIP

. BEG Linternehmeneberatungspacelischeit mbH. Eiberfelder Strasse 2. D-4000 Duesseldorf 1 - Telex: 08 567 197

Well established profitable UK compeny, meinly involved with Fluid Power Industry, intende to diversity into other ereas of the Engineering end/or Service Industrial by the acquisition of a medium sized compeny with a fluid ambitious management who feel that association with a company having strong international connections would be to their edventage in developing and expanding their present activities. Full debut a products and/or services regether with up to data financial information: Box G9229, Financial Times, 10 Cannon Street, London EC4P 48Y

Write Box G9233, Financial Times 10 Cannon Street, EC4P 4BY

Financial Times, 10 Cannon Street London EC4P 48Y

SMALL BUSINESS WANTED — Successful entrepreneurs with venture capital eveil-able wishes to surchase is full or out a shall business preferably in manufacturing or marketing of consumer products. While Sex Cottl, Financial Times. 10. Camon Scroel, Loadon ECCP 487.

Write Box 69234, Financial Times 10 Cannon Street, London EC4P 48Y

Portfolio should be based in the South of England, contain minimum industrial proparties and have no single unit with a value in excess of £4m. Write to Box G9228, Financial Times, 10 Cennon Street, London EC4P 48Y

COMPANY WANTED

ENGINEERING COMPANY REQUIRED

COMMODITY EROKER/Merchant wanted with established beslees. Details the confidence from principals only to Box G9236, Finencial Times, 10 Cannon Street, London EC4P 487.

BUSINESSES FOR SALE

Motor Dealership Group

Leeds Area

The Arnold G. Wilson group of companies comprises sales and servicing outlets in the Leeds Centre, Horsforth, Alwoodley and Wakefield (Austin Rover dealerships) and at York (Ford and Vauxhall dealership).

Group turnover is in the region of £18 million per annum and the workforce comprises approximately

The joint receivers and managers are willing to consider offers for the business as a going concern, io whole or io part. Enquirtes to: A. J. Richmond or J. G. Ridings.

Fastenings Distributor

Hull and Leicester

Humber Stores Contractors, distributors of wholesale fusteners and caravan accessories, with freehold premises in Hull of 15,000 aq. ft. and a leasehold depot to Leicester. GKN accredited stockists. Turnover in excess of £1m. 40 staff and employees.

Enquiries to: A. J. Richmood or R. A. Barker. Peat, Marwick, Mitchell & Co. Airedale House Albion Street, Leeds LS1 5TY Tel: 0532 450331 Telex: 557794



Major **Timber Frame House** Kit Manufacturer

for sale as a going concern. Present turnover \$400,000 per month, 160 employees, factory 100,000 sq.ft., currently profitable. Contracts with all major private house builders in Scotland. Location: Coatbridge.

Further particulars from

Ref FHM/GIR/SFD. Haskins+Sells Tel: 041-248 7932 Telex: 779338. 100 Wellington Street, Glasgow G26DJ.

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West End of London

A company with 2 Retail Shops in Snest positions and good lesses Coods sold Include sports, camping, clothing, alectrical and luggage. Tumover ascode 2700,000 pe. Reason for sele 12 pisposed retrement. Continuity can, however, be provided.

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SHORT OF WORK

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MERGER OR SALE OR ORDERS PLEASE

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Unique opportunity to acculre a beau-tiful line with very busy Restaurant, Bar and Accommodation and S Lake-side Home all in one. Ill-healts forces premature sale. \$450,000. Detain to principsis only.

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Pully equipped on a 1.17 acta
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Asset value including site
approximately £200,000
Write Bar G8232, Financial Times
10 Cannon Street, EC4P 48Y

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HEATING AND VENTILATING

CONTRACTOR FOR SALE

Turnovei approx E300,000 os Part ol Groso Hags tax lossos availoble ee going concern

Write Box G9238, Financial Times 10 Cannon Street, EC4P 4BY

PLASTICS

FOR SALE

Compect two company industrial manufecturing group featuring plastic moulding end multi award winning patented product. Lease of factory available

if required. Turnover in excess of £700,000 and increasing. Substantial sum required to include

plant, tooling and patents together with good will, based

10 Cannon Street, EC4P 4BY

GRP Claddings, Buildings and

Engineering Products

Well established smallish moulder/
manulecturer with existing and
potential proprietary products/procasses seeks backing/purchaser.
Opportunity for compeny/group
seriously interested in GRP growth
prospects.

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10 Cannon Street, EC4P 4BY

on gross profits.

Write Box G9240

Financial Times

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BUILDING CONTRACTORS, WEST MIDLANDS
OFFERS ARE INVITED FOR A LONG ESTABLISHED PROFITABLE BUSINESS
Turnover E1.1m Substantial portfolio of Building Land and Investment
Properties included in sale - Tax losses at 31 December 1982 — E0.2m
Existing menagement could be reteined, eithough mein shaleholder
wishes to retire

Devid Johnson, FCA, Stenley C, Johnson & Son, PO Box 28
22 Worcester St, Stourbridge, West Midlands Oy8 18H - Tel: 03843 5380

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IRELAND 4 Dry Cleaning businesses in compact Dublin area Turnovoi IR£182,253 Lovel mansgement Valuable diant and loases Price: IR£88,000 (appior. 170,000 starting) CHRISTIE AND CO

REST HOME Very substantial moders detached premises Lancanire. Registered to 21 with residents fourse. T.Y. fourse large dinning room. pursual production play grayes. In special position play progress, and production play progress, proceedings of bedroomed house. Inspection essential. Offices, sought around 5395,000. Ref. FT 1957.

Electronics Company For Sale

Old ostablished company with own oroduct in the instrumentation and measurement field. Morket leader customers: Marconi, IBM, MoO. oic. Turnover 75k - Easily relocated

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Well known and long established orapristary cosmetic creem for sele-Highly profitable, turnoval approx-177,000 with national UK salos. For turner details with 10: Box 69219, Finencial Times 10 Cannon Stroet, EC4P 48Y

SMALL ENGINEERING BUSINESS

Established and erofiable with excellent Industrial and Government confracts. For sale as a going con-cern including madern Freehold eremises in appinding West Mid-lands town. Write Box G9237, Financial Times 10 Cannon Street, EC4P 48Y

COMMERCIAL PROPERTY COMPANY FOR SALE (250,000 — 10% return Tex losses over £100,000 Suit private investor Apply. FOX HAYES Solicitors, 150 Roundhay Road Leads LS8 SLD - Tol; 0532 496496

FOR SALE LUXURY RESIDENTIAL HOME FOR THE ELDERLY - HAMPSHIRE Plume Location - 21 Bedrooms Reg - Additionel Beds polantial Reg - Additions - Metions Accommodation Totally relurbished in June to Nursing Standards Price £295,000 TEL: 07014 51131

Business and Assets for Sale as a Going Concern

- Ovenfoam Limited, based in Bilston, is engaged in the production end sale of bread and cakes Customers consist of shop counter trade and
- wholesale trade, split approximately 70% and 30% respectively.

Turnover is approximately £120,000 p.a. with assets comprising freehold property, stock, plant and machinary, amounting to in excess of £90,000. ntact: J. Kenneth R. Jones,

Robson Rhodes, Centre City Tower, 7 Hill Street, Birmingham B5 4UU Telephone: 021-643 5494 Telex: 339420 ROBSON G ROBSONMAHODES

For sale as a going concern

The business of Silvertown Engineering Co Ltd

Manufacturers and suppliers of high quality commercial lighting fittings.

Long leasehold factory in Braintree, Essex
 Advanced CNC production facilities
 Computer aided design and test equipment

For further particulars apply to S S James, Joint receiver and manage **IMIL** ◆SKMG•

Thomson McLintock & Co 70 Finsbury Pavement, London EC2A 1SX FOR SALE **MANUFACTURING COMPANY**

TAXHAVEN

BRITISH OFFSHORE

Due to the Managing Director's ill health an old established family run manufacturing company situated in a British offshore taxhaven is for sale. The company produces high quality goods, has an impressive growth record and makes a six figure profit. A purchase price in the region of £2 million is anticipated. For further details please contact:

G. I. Langley
PANNELL KERR FORSTER
3 Horsefair Street, Leicester

FOR SALE

English builder offers completed villas for sale plus land for further development

VALLE DEL SOL (Close Marbella)

> Details on request: 051-647 7750

FOR SALE

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British Mining Consultants Limited has been retained to offer for sale the surface mining rights on a tract of approx. 29.2 sq km, containing reserves of approx. 68 million tonnes in Pennsylvania, USA, including a new, unused 34 cu m walking dragline with power directly connected. Water and rail facilities are on site. Generalised description provided on application. Complete description of reserves, mining feasibility, merket and legal status being prepared.

Contoct: Mr A Cross, Company Secretary, British Mining Consultants Limited PO Box 18, Mill Lane (off Common Road), Huthwaite Sutton-in-Ashfield, Nottinghemshire NG17 2NS, England

PROFITABLE INSURANCE BROKERAGE FOR SALE Well established - Good client account

Would merge well with existing professional body or organ-isation. Chairmen shortly to retire from active participation. Substantial cash offers required for this excellent business

Replies invited from Principals only with company or status references to The Chairman, Box G9242 Financial Times, 10 Connon Street, London EC4P 4BY

HIGHLY MODERN BEVERAGE PRODUCTION AND BOTTLING PLANT

In Hamburg/Germany offers because of an internal change of stra-side the possibility of a joint venture. On the other and there in dilities of renting leasing and sale available. The plant is highly past by producing a world famous aperital and is in every siew in very favourably situated trafficulse. If you are interested in aleace contact as:

Elberteider Strassa 2 maneidert 1 - Telex: 06 567 197

TOOLMAKING BUSINESS

Well-established quality mould-making business in West Midlands for sale. Turnover c. £1m; freehold property with expansion possibilities close to Motorway; 40-plus employees; full management, eogineering, design and production team. Substantial order book, wide customer spread. Tax losses available: usual warranties given. Unique opportunity to enter this high technological area. Principals only, to Choirman, Boz G9243, Financial Times 10 Connon Street, London EC4P 4BY or telephone evenings 0327 60303

PLASTIC INJECTION MOULDS

RETAIL OFFICE EQUIPMENT BUSINESS

Profitable business in north of England for sale. Turnover in excess of £500,000 with impressive customer base and product range. Geouine reason for sale. Write Box G8241, Financial Times 10 Cannon Street, London EC4P 4BY

COMPREHENSIVE WOODWORKING CAPACITY

Established company, occupying leasehold premises in rural Essex, for sale. Turnover 1982, £185,000 with glose profit of 49%. Net essets of opproximately £60,000. Present

Principals only should write in confidence to: D. 1. Morris, BSc Chartered Accounter High Street, When Colchester, Essex

FOR SALE

AS A GOING CONCERN

MULTIPLE RETAIL COMPANY

Having 90 trading units throughout

the U.K. Situated in Prime and Good

Secondary Locations.

Principals only to reply, Ref: P.O.C.B.

□□Grimley & son

□□021-236 8236 A

FOR SALE

AS A GOING CONCERN

Multiple Retail Company having

7 well located trading units

throughout the north east of England.

Principals only to reply, Ref. P.O.C.B.

□□Grimley & son

021-236 8236

SCANDA-GLAZE

For sale as a going concern the goodwill and business assets of a well established company engaged in the design and manufacture of windows, patio doors and ancillary products for the home improvement market.

The company operates from leasehold premises with a well experienced work force. There is a good order book and current stocks of approximately £2m.

Annual turnover is 12m with potential for expansion. Further information from The Joint Receivers Peter Flesher and Ipe Jacob, Eldon Lodge, Eldon Piace, Bradford, West Yorkshire BDI 3AP. Telephone: 0274 734341. Telex: 51611.

Thornton Baker

Jackson-Stops & Staff

By Order of The Receivers and Managers A. F. M. SHEWELL, Esq.

FOR SALE FREEHOLD Walton Hall Country Club and residential leisure complex on unique island in 26-acre lake, near Wakefield, Yorks 25 bedrooms, restaurants, bars, 6 squash courts, covered swimming pool, fishing, boating, water skiing, disco, gymnasium, solarium, etc

ALL FULLY EQUIPPED AND IN EXCELLENT ORDER AS A GOING CONCERN Enquiries from bona fide interested purchaser to: Hotel Dept, Jackson Stops and Staff 14 Curzon Street, London W1Y. 7FH Tel: 01-499 6291. Telex: 25375

NATIONAL AGENTS WITH LOCAL KNOWLEDGE

MENDELS FURNISHERS LTD BUSINESS AND ASSETS FOR SALE

A well established household furnishers based in the Portsmouth area having two retail outlets, including a freehold property of approx. 10,000 sq. ft. and a large range of stock, flutures and fittings. Turnover for year to July 1983 approx. \$1/m.

Enquiries to The Receiver and Manager P.R. Copp F.C.A. (ref PRC/GK) on 01-486 5858 or in



Stoy Hayward & Partners treet, London W1M 1DH. ...

APPOINTMENTS



Butterfield Bermudas First Bank

The Bank of Butterfield was established in 1858 and employs over 750 staff at its Head Office in Bermuda, Overseas offices are located in London, New York, California, Grand Cayman and Guernsey. Total assets, June 30, 1983 - BD\$1.78 Billion.

TRADER MONEY MARKETS We have immediate openings for experienced money market traders in Bermuda.

The preferred candidates will have two to three years experience in the International Money Market, and will have been active in the following areas:

> Euro Currency Deposits C.D.'s and Financial Futures Arbitrage Market.

The candidates should be mature and have demonstrated a good track record, an overall knowledge of banking activities would be an asset.

It is expected that the candidates will have achieved university level or equivalent with particular emphasis on mathematics and ecocomics.

Excellent starting salary. Comprehensive staff benefits including re-location and housing assistance provided. There is no income tax in Bermuda.

Please submit a complete resume in confidence to:

Mr Alan Greaves Senior Manager, Personnel & Administration, The Bank of N.T. Butterfield & Son Lid., P.O. Box 195, Hamilton 5, Bermuda.

Closing date November 15th 1983

Finance Manager P.A. Senior Partner c.£25,000

A dynamic LONDON STOCKEROKER requires an enthusiastic and energetic accountant in assist the senior, partner with the financial control and management of the business. The firm operates internationally and sees the challenge of forthcoming changes in Stock Exchange regulations as a major opportunity for further development. Candidates, male or female, aged 28-40, holding an accountancy qualification with an interest and experience in the securities market, should send career details in confidence to: Rob Beard (Ref LM559),

56-60 St Mary Axe, London EC3A 8BJ.

Spicerand Pegler ENTERNATIONALLY SPICER AND OPPENHEIM

ART GALLERIES

NOW ELLIS. Ceryed wood sculpture and drawings at the Woodstock Gallery Ltd., 16 Woodstock St. London W. October 31st to November 12th, 1983. ROWSE & DARSY, 19, Cork St. W1. 01.734 7984. PAUL MAZE (1887-1979). THE CLARENDON GALLERY. C. Vigo St. Of 439 4557, Jointy with THE PARKIN GALLERY. I., Mostomb St. SWI. Old 255 LER. 11.1, Mostomb St. WILDE. 5 Oct. 31 Oct. Garendon Daily 10-6, Sats 10-12.30, Close 4

S NEWCOMERS TO CRANE KALMAN GALLERY: Parrick Hayman, Nino Meg-Donald, Bob Bourne, John Roav, Shi from Sweden, Mana Laparholm, 26 Octo-ber-12 November 1983, 178, Brampton Road, SW3, 01-584 7566. PARRER GALLERY, 12s-12b. Barketer Street, London WIX SAII (opposite May Fey Hotel). Tel: 01-499 5903,

CLUBS

LEGAL NOTICES

IN THE MATTER OF CINDERELLA SHOES LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

IN THE MATTER OF ... NATASHA SHOES LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 21st day of December 1983; to send in their full Christian and aumones, their addresses and descriptions, full perturbers of their debts or cleims, and the names and eddresses of their Solicitors, (if any), in the undersigned Surfix Kumer Single, F.C.A., of Single 8. Co., Chartered Accountants, of 423 Aloxandris, Avening, Herrow, Middlestax, HAZ 985, the Liquidator of the said in writing from the "seed Diquidator, company, and if, so required by notice are, personally or by their Solicitors, in came in and prove their debts or claims at each time and plece as shall be specified in such notice; or in default thereof they will be excluded from the benefit of 8ny distribution made before such debts are proved.

Dated this 24th day of Octaber, 1983.

S. K. SINGLA, F.C.A., Liquidator. S. K. SINGLA, F.C.A.

COMPANY NOTICES

UNITED DOMINIONS TRUST LIMITED
U.S.\$25,000,000
81% Capital Bonds 1986

5. G. WAREORG & CO. LTD., announce that the redemption installment of Sonds doe list December, 1983. Our s nonline value of U.S. 52.00C.000 has been set by purchase in the switch swomer of Sonds will be supported to the switch south of the country of the countr 30. Grestam Street. London ECZP 2EB. 1st November, 1963.

U.S.\$50,000,000 812% BONDS 1987 NOTICE IS HEREBY GIVEN that holders of U.S.\$117,000 nominal of the Books bure exercised their right for the redempitors of their holdings of such Bonds at par on 1st November, 1983. Following such redemption the nominal smoots of bonds outstanding with be U.S.\$3,749,000.

ist November, 1983.

Fiscal Agent and Principal Paying Agent MORGAN GRENFELL & CO. LIMITED 23 Great Win London EC2P 2AX

NATIONAL BANK OF HUNGARY

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Street, Control. Teles: c/s Bentlers, 164. Tele: Teles: Edited St. Floor, 168: at 184: Statement Bellifus, 1-9-5 Channel, Chiyota M. Statement Bellifus, 1-9-5 Channel, Chiyota M. Statement Bellifus, 1-9-5 Chiral St. Floor, 164: St. Floor, Laute: Advantistary Parameter House, Time Chipmin-in: Tubu: 127104, Tub: 245 4850.
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12533, Tel: 352 508.

For Share Index and Business News Stammary, Tolophone 246 8026 [comber, preceded by the appropriate area code valid for London Sirribogham, Liverpool and Marchester).

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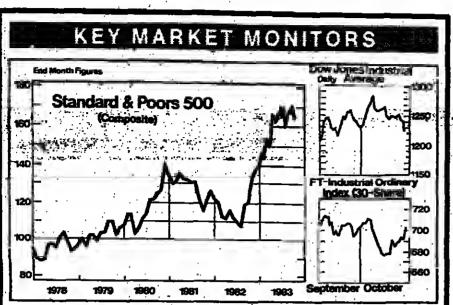


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SECTION III - INTERNATIONAL MARKETS **FINANCIAL TIMES**

Tuesday November 1 1983

World Bank to tap 'bulldog' bond market, Page 38



DJ Transport	577.17	576.61	391.72	(London) Oct 31 Previous Oct 3	
DJ Utilities	577.17 140.70	139.26.	420.19 119.19	S - 1.4950	
S&P Composite	164.52	183.37	133.71	DM 2.63 2.6215 3.935	
our composite	104.02	103.51	155.7-1	Yen 234 232.7 350	348.25
LONDON .				FFr 8.0 7.9925 11.975	
FT Ind Ord	703.1	691.1	610.9	SwFr 2.141 2.131 3.2025	3.18
FT-A All-share	437.38	431.09	377.6	Quilder 294575 2,941 4,41	4.4
FT-A 500	474.38	466.98	419.25	Lina 1598.25 1592.5 2390	2381.5
FT-A ind	431.96	425.58	388.14	BFr 53.48 53.25 79.8	79.65
FT Gold mines	481.3			C\$ 1.23245 1.23225 1.843	1.8425
FT Govt secs	82.07		85.49	Western name	
				INTEREST RATES	
TOKYO	7			Euro-currencies Oct 31	Prev
Nikkei-Dow	9356.79	9321.37	7259.15	(three month offered rate)	
Tokyo SE	685.51	683.3	539,71	2 9%	91/14
AUSTRALIA	· · · · · · · · · · · · · · · · · · ·	***		SwFr 4%	41414
All Ord.	687.4	682.7	504.6	Det 5%	5%
Metals & Mins.		504.2.	. 407.4	FFr 12'%	13 .
MICHAELS OF WILLIST	. 511.9	504.2.	· 407.4	FT London Interbank fixing	•
AUSTRIA				(offered_rate)	
Credit Aktien	54.05	54.25	47.4	3-month U.S.\$ -9%	9:44
	- 7			6-month U.S.S93/s	
BELGIUM				U.S. Fed Funds 9%	974
Belgian SE	closed	122.73	98.35	8.3.3-month CDs 9.25	9.4
CAMARA			<u> </u>	U.S.3-month T-bills 8.50	8.60
CANADA					0,00
Toronto	100			U.S BONDS	
Composite	2361.08	2350.3	1774.0	Transury Oct 31	Prev
Montreal					
industrials	415.12	418.11	318.21		
Combined	399.26	399.73	302.76	101/2 1985 9921/2 10.56 992	
DENMARK			 -	11% 1990 991% 11.60 991	
				11% 1993 100°% 11.72 101°	52 11.61
Copenhagen SE	196.15	199.05	90.63	12 2013 ,101 12 11.80 1021	be 11.70
FRANCE				Corporate Oct 31	Prev
CAC Gen	clesed	141.3	100.3		
ind, Tendance .		149.5	119.3	11104 11010 411	
11-0, 10 August 2-4	MILDEU.	- L-10-	1 10 41		
WEST GERMANY		2		3% July 1990 68% 10.50 68	
FAZ-Aktien	341.11	339.28	231.64		6 12.15
Commerzbank ;	70122	1906.9	700 8	Xerox	•
A	-		-	10% March 1993, 92% 12,05° 92	% 12.05,
HONG KONG		An I		Diamond Shamrock	•
Hang Seng	865.22	826.13	771.9	10% May 1993 90% 12:30 90	12.30
TTALY				Federated Dept Stores	/• IZJU
Banca Comm	185.65	185.71	TC0 90		
DOING CONTRA	100.00	100.71	163.89	10% May 2013 87,132* 12.25* 87.13	2 12.25.
NETHERLAND\$				Abbot Lab	
ANP-CBS Gen.	.136.9	137.1	95.1 .	11.80 Feb 2013, 96.396* 12.25* 96.39	6 12.25
ANP-CBS Ind	111.6	112.0	74.3	Alcoa .	
				12% Dec 2012 96.16" 12.75" 96.1	6 12.75
HORWAY				50.	و سے،
Oslo SE	201.54	203.38	104.6	FINANCIAL FUTURES	-
amic a popular					
SINGAPORE	040 =	046.00		CHICAGO Latest High La	w Prev
Straits Times	943.8	948.89	715.4	U.S. Treasury Bonds (CBT)	
SOUTH AFRICA		-		8% 32nds of 100%	
Golds	675.3	691.6	708.0	December 70-22 71-05 70-2	5 70-30
Industrials	889.9	891.2	685.9	U.S. Treesury Sile (IMM)	
manju (C)	003.0		••••	\$1m points of 100%	
SPAIN	erationer			December: 91.14 91.22 91.1	2 91.12
Madrid SE	closed	125.23	101.65	Certificates of Deposit (IMM)	
				\$1m points of 100%	
SWEDEN .				December 90.46 90.53 90.4	6 90 44
JEP .	1427.76	1436.33	729.7		30.44
Clarence Care				LONDON	
SWITZERLAND .		045.0	000.0	Three-month Eurodollar	
Swiss Bank Ind	346.3	345.9	262.0	\$1m points of 100%	
	Oct 28	Prou	Yr ago	December 90.35 90.37 90.3	1 90.35
WORK IS					
WORLD Capital let's			-	20-year Notional Gilt	
Capital Int'i	177.9	178.9	1421	£50,000 32nds of 100%	
Capital Int'l		178.9	-		7 107–16

\$382.00

S382.75

\$383.00

\$376.00

n/a

n/a

\$387.40

Frankfurt

Paris (fibring)

Luxemboura (fixing)

New York (Nov)

Zürich

Oct 31 Previous

1225.20 1223.48 991.72

	CURRENCIES U.S. DOLLAR STERLII							
(London)	Oct 31	Oct 31 Previous						
\$		Previous ·	1.4955					
DM	2:63	2.6215	3.935	3.9225				
Yen	234	232.7	350	348.25				
FP	0.8	7,9925	11.975.	11.935				
SwFr	2.141	2.131	3.2025	3.18				
Quilder	2.94675	2.941	4.41	4.4				
Lira	1598.25	1592.5	2390	2381.5				
BFr	53.48	53.25	79.8	79.65				
CS	1.23245	1.23225	1.843	1.8425				
	INTE	REST RA	TES	. –				
Euro-cu	rrencies		Oct 31	Prev				

THE COUNTY I WILLIAM		
(three month offered rate)		
£	9%	91/14
SwFr	4%	41414
DM	5%	51/4
FFr	12'%	13
FT London Interbank fix	cing	
(offered rate)		
3-month U.S.\$	-9%	9! 1/16
6-month U.S.S	.93/4	917.0
6-month U.S.S U.S. Fed Funds	9%	974
B.S. 3-month CDs	9.25	9.4
U.S.3-month T-bills	8.50	8,60
U.S BO	NDS.	

584.20p

£931.00

£1835.00

Prev 602.15p

£936.50

£1846.50

COMMODITIES

Silver (spot fixing)

Copper (cash)

	· Oct	31	. Pre	v
-	Price	Yield	Price	Yield
985	992%2	10.56	99*7/22	10.53
990	991452	11.60	99%	.11.50
993	100°%	11.72	10111/3/2	11.61
013	, 101 "ha	11.80	10217/2	11.70

Texas Instruments jumped \$22% to \$124% as investors made a more measured response to Friday's decision hy

fell \$414 hut investors evidently decided at the weekend that earnings prospects would benefit from the closure of a heav

Commodore International, with its place at the top of the league table in the home computer market shaken last week hy adverse press comment, regained \$2% to \$34%. Major mainframe computer makers

jumped \$% to \$123%. Burroughs beld steady at \$481/2. Results for the third quarter from the major aircraft makers brought a rise of

\$% to \$50% for McDonnell Douglas and \$\% to \$38\% in Boeing. Chemical shares continued to benefit from recently announced results for the

quarter. Monsanto, a casualty of bearisb brokerage comment last week, regained \$5% to \$106%. Dow Chemical put \$% to ICI of the UK, shares in which begin

trading today on the New York Stock Exchange, had an active session on the American Stock Exchange (Amex) where it already trades in the form of American Depositary Receipts (ADRs). It topped the Amex active list with 1.2m shares turned over and gained 5% to

WALL STREET

Caribbean concerns recede

A GREAT DEAL of calm was re-established on Wall Street yesterday as ten-sions in the Caribbean appeared to slacken and investors turned their attention back to domestic considerations, writes Terry Byland in New York.

The bond market beld firm in response to Friday's news of a \$2.4bn fall in M1 money supply, although the delay in Senate approval for the new debt ceil-ing tended to keep major investors on the sidelines.

The danger that the continued upturn in the U.S. economy may bring a surge in horrowing demand and force interest rates higher was again discounted by some market gurus, who pointed to the rise of only 0.9 per cent in September for the Commerce Department's batch of

leading indicators.

The stock market remained cautious The stock market remained cautious and widespread gains chalked up by leading stocks during the morning had been virtually wiped out by the end of the session. The Dow Jones industrial average closed only 1.72 up at 1225.20, baving touched 1232.83 earlier.

Turnover was moderate at 79.7m shares, and selling across the broad range of the market was reflected in 842 stocks showing losses against 768 with

stocks showing losses against 766 with gains. Both the American Stock Exchange and the NASDAQ market indices closed lower, Merck, the pharmaceutical group, jumped \$1% to \$95%. Union Carbide added \$%- to \$65% and General Motors \$1/2 to \$771/4.

The Dow Jones index closed 1.72 up at

The much-battered personal computer or or

strength in the personal computer mar-

the company to quit the personal computer market alfogether.

On Friday, Texas Instrument stock

ily lossmaking division.

also continued to find huyers. The best spot was again Honeywell, still benefitting from a link with NEC of Japan; it

U.S. investors have been buyers of Imperial Chemical as high as \$9% after taking a more bullish view of earnings prospects than the UK market has done. ADRs in the group will continue to trade on the Amex.

announcing higher prices and increased capital expenditure plans. Ogden, \$\% higher at \$29\%, benefited from higher profits, and Eastman Kodak at \$66% was unchanged despite announcing a new colour film product.

the Grenada upheaval appeared to be approaching a speedy solution Chase Manhattan added \$% to \$43% and Citicorp at \$31% was \$% better.

weekly auction because of delays in the approval for the debt ceiling. Three month bills slipped nine basis points to a discount of 8.50 per cent and the sixmonth eight basis points to 8.74 per cent.

The bond market was idle until midafternoon when the key long bad slipped back to 101%, almost one point down and yielding 11.79 per cent.

EUROPE

favour Frankfurt

CONTINUING CONCERN over events in the Caribbean and Middle East kept investors away yesterday from most of the European bourses, which were al-ready quiet ahead of today's public holiday in many centres.

Frankfurt proved an exception, however, and heavy foreign demand for se-

reorganisation under a holding company structure through which it could handle life assurance. At present it is mainly a motor and property insurer and under West German law cannot deal directly in

insurer, Eagle Star, which has been formally rejected hy Eagle, is now being discounted as a reason for the current

chemicals issues and the sector was led up hy BASF which added DM 3.40 to DM 164.40. Hoechst advanced DM 3 to DM 178.40, as did Bayer to DM 163.

The debt crisis in Latin America and the continuing high level of domestic corporate insolvencies made banks a nervous sector. Deutsche rose DM 1.10 to DM 315.20 and Commerzbank 80 pfg to DM 173.90. Dresdner was unchanged

Verein DM 3 to DM 320. Domestic bonds held steady with the positive influence of the latest fall in U.S. M1 money supply counterbalanced by the strength of the dollar against the

mark. Sbares ended mixed, though with a firmer bias, in Zurich with heavy turnover registered in the chemicals sector.

following the weekend election. Firestone Tire added \$% to \$21% after

Bank shares turned more confident as

Credit markets were pleased with Friday's news on money suuply. Treasury bills received a further boost when the U.S. Treasury reduced the size of the

Foreigners

lected blue chip issues around midsession enabled the Commerchank to build on Friday's gain, registering a 5.3 advance to 1,012.2.

The insurance sector provided the day's star performer in Allianz, which soared DM 48 to DM 822 – an increase of DM 146 over the past three weeks.

The latest surge is attributed to speculation that Allianz may be considering a reorganisation under a holding company.

life husiness.

Allianz's hid for control of the British

A high level of turnover was seen in

at DM 175 while Bayerische Hypo fell DM 4.50 to DM 285.50 and Bayerische

Swissair opened sharply below Fri-day's levels following reports that the company may incur write-offs on revenue currently blocked in heavily indebted developing countries. The shares closed down SwFr 12 at SwFr 885.

Bonds were mixed as investors beld off amid uncertainty over interest rates. Declines in some bank issues in Amsterdam were attributed to uncertainty over future Argentine policy on its debt

ABN was FI 1 lower at FI 346.50 after opening Fl 2 lower, while Amro shed 30 cents to FI 57.20 and NMB the same amount to Fl 141.50. Boskalis, which has building projects under way in Argentina, fell Fl 2.50 to Fl 40.50.

Most prices ended marginally lower in Milan in very thin trading, although the trend was partly reversed in unofficial after-bourse trading. Stockholm ended narrowly mixed in moderate trading. Paris and Brussels were closed for a

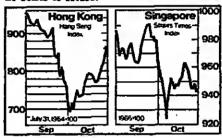
public holiday.

HONG KONG

RENEWED speculation about an imminent cut in local interest rates in Hong Kong prompted late buying which lifted prices to close at their high for the day.

The Hang Seng index ended 39.09 ahead at 865.22. The index has risen 175 points from its 1983 low of 890 set on Oc-

Gains in the property sector included Cheung Kong which added 45 cents to HK\$7.15, Hongkong Land 40 cents to HK\$2.80, Sun Hung Kai Properties 40 cents to HK\$4.87 and Swire Properties 20 cents to HK\$5.



SINGAPORE

SOME slight selling into a thin market left sbares lower in Singapore and the Straits Times index was 5.09 lower at

Plantation issues were among the most active sbares with Consolidated Plantations down 8 cents to SS3.04. K.L. Kepong eased 7 cents to S\$2.95 after its takeover of Kemasul Rubber Estates for S\$4.6m ringgits (S1m).

AUSTRALIA

WIDESPREAD gains in the resource sector enabled shares to maintain the firmer tone established in Sydney on

An increase in hase metals prices is attributed to demand by investors who believe that firmer copper prices could signal a bottoming-out in the sector.

CRA firmed 12 cents to A55.50 and was heavily traded off-market while BHP added 25 cents to AS2.25 after announcing that its beavy engineering di-vision will merge with Vickers Australia to form a new, publicly listed company.

SOUTH AFRICA

A WEAKER rand acted to stem the slide in Jobannesburg gold shares being prompted by bullion's retreat, as the mines' export revenues were thereby enhanced and the shares took on a currency discount to overseas investors. This was not enough, however, to pre-

vent a R2.50 fall in Vaal Reefs at the heavy end to R107 and proportionately greater dips by cheaper-priced issues: Bracken shed 25 cents to R3.20.

CANADA

FURTHER SHARP sethacks for Toronto golds did not succeed in upsetting base metal issues too severely, while firm gains were established among oils and property stocks.

Montreal showed modest improvements, with most of the strength residing in the banks.

TOKYO

Small-lot purchases predominate

SMALL-LOT buying of blue chips and incentive-backed issues helped push up the Nikkei-Dow average in Tokyo yesterday, though investors remained dis-couraged by tension in the Middle East and the Caribbean and the continuing domestic political confusion, writes Shi-

geo Nishiwaki of Jiji Press.

The Dow market average added 55.23 to finish at 9,356.79 after two successive sessions of small declines. But volume shrank to 210.95m shares against 371.91m of the previous full-day session last Friday. Advances outpaced declines by 378 to 227, with 197 issues unchanged.

Widespread buying in small lots in the absence of active selling came chiefly in anticipation of a Wall Street advance Sony rose Y50 to Y3,530, TDK Y130 to Y4,290, Hitachi Y5 to Y870, and Honda

Motor Y34 to Y1,030. But Fuji Photo and NEC were unchanged at Y2,020 and Y1,290 respectively. Some high-priced issues also advanced. KDD gained Y760 to Y13,000, Kyocera Y150 to Y7,140 and Fanuc Y380 to Y8,590. Sumitomo Electric Industries, the

largest cable maker, rose Y29 to Y879 on revived buying in connection with the Information Network System (INS), a new nationwide digital communications network planned by Nippon Telegraph and Telephone Public Corp.

Steady foreign buying pushed up Telegraph

Steady foreign buying pushed up Tei-jin Y8 to Y391 and Japan Synthetic Rubber Y29 to Y427, Japan Synthetic Rubber was the volume leader, with 92.62m shares changing hands, followed by Nip-pon Steel, which gained Y1 to Y188 on 72.34m traded. Matsuzakaya shot up Y75 to Y595 on

speculation stock cornering. But some incentive-backed issues lost investor fayour, with Aoki Construction losing Y39 to Y831 and Tokyu Construction Y37 to Both huyers and sellers moved to the

sidelines on the bond market on the final day of the month. Rumours that the Finance Ministry would make a tender offer for Y300bn to Y400hn worth of three-year government bonds, possibly today, helped reinforce the wait-and-see attitude of institutional investors.

LONDON

Potent start to account

EXPECTATIONS that London stock markets would start the new trading ac count strongly yesterday were fully rea-lised. The FT Industrial Ordinary index recorded its second largest rise of the month - up 12 at 703.1 - while government stocks were far from oversbadowed and longer-dated issues advanced a full point.

Institutions showed a revived interest in consumer-oriented areas such as stores, breweries and electricals while 1CI, awaiting today's Big Board listing in New York, closed 8p dearer at 588p.

Trade in short-dated gilts was inhibited by a £300m call on the partly-paid short tap, Treasury 9% per cent Convertible 1988, which closed at £80%, up %.
South African golds remained under

pressure. A fall in bullion to its lowest since August 1982 brought falls ranging to 12 in heavyweights. Details, page 31; Share information service, pages

The most intriguing watch of the eighties is made of titanium.



more at home on the moon than on earth. Its case is inlaid with 18 carat pink gold. The crown is screwed on and the sapphire crystal is treated against reflection. It is acid- and water-resistant.

Available for ladies and gentlemen. Omega Seamaster Titane. Slightly out of this world. e transprise the setting of the sett

| Manual Manua

Andrew Anthre An

YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

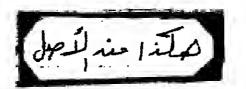
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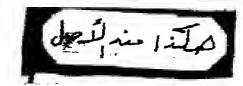
International Investment Bankers



New York . London . Paris . Geneva . Zurich . Hong Kong . Tokyo



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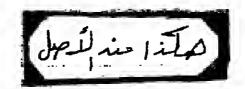


AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

E E F

WORLD STOCK MARKETS

WUKLD STUCK MARKETS					
AMEDICAN STOCK EVOLANCE CLOSING PRICES	CANADA (Daning Price) (Danin				
AMERICAN STOCK EXCHANGE CLOSING PRICES 1 Streetfeeste st st	Section 15				
A GUIDE TO PITMES FINANCIAL TIMES FINA	Petrophon 1988 1988 1989 19				



Address

at 110p. Advertisiog agency Saatchi and Sastchi, on the

other hand, benefited from com-ment about a U.S. listing and rose 15 to 525p.

Properties attracted fresh in-stitutional support and closed with useful gains, some of which were exaggerated by stock short-

age. Land Securities equalled its 1983 peak in closing 8 higher



MARKET REPORT

Revived optimism leaves equity index 12 up at 703.0

and Gilt-edged a point higher

Account Dealing Dates
Option
First Deciara- Last Account

Pirst Deciara- Last Account Deadings 140ns Deadings Day
Oct 17 Oct 27 Oct 28 Nov 7
Oct 21 Nov 10 Nov 11 Nov 21
Nov 14 Nov 24 Nov 25 Dec 5

**Now time* dealings may take glace from 8.30 arm two business days earlies.

Expectations that London stock markets would start the new trading Account strongly were fully realised yesterday. Leading shares surged forward to the extent that the FT Industrial Ordinary Share Index

Eagle Star slip

Eagle Star shed 8 to 520p on worties that the Allianz bid could be referred to the Mono-

dustrial Ordinary Share Index recorded its second largest rise of the month, while Government stocks were far from overshadowed and longer-dated slocks advanced a full point.

thdex close 0.37 up at 82.07, its higgest rise since September 19.
The beleasuered South African gold share market remained under pressure. AR fresh Major Research fall in the bullion price to \$3822 an ounce, its lowest level since 19 August, 1982, prompted negistent selling which brought

> **EQUITY GROUPS** ...& SUB-SECTIONS

CAPITAL E000S (203) Building Materials (24)

Motors (18).

Leisure (23)

Engineering, Contractors (10). Mechanical Engineering (59)...

Other Industrial Materials (16)

CONSUMER BROUF (198) _ Brewers and Distillers (23) ___

Lateure (23)
Newspapers, Publishing (15)
Packaging and Paper (14)
Stores (47)
Textiles (20)
Tobacces (3)

Chamicais (25)
Office Equipment (6)
Shipping and Transport C
Miscellaneous (49)

nsurance (Life) (9)_ resurance (Composite) (resurance Brokers (7)...

ALL-SHARE INDEX (750)

Property (54) ___ Other Financial (18)

could be referred to the Mono-polies Commission; Allianz rose 5 points to a peak of £197. Other Composite Insurances traded firmly, Royals rising 10 to 485p and Commercial Unian 5 to 164p,

Stores improve afresh

Men Oct 31 1983

9.50 18,96 13.78

8.22 14.28 13.82

12.97 1.56 5.88 10.52 12.69 13.47 7.40 6.33 9.65 9.38 10.69 12.79 21.69 8.50 8.09 9.53 8.09 9.53

26.38

11.96

報(15年 期) (6 165年) 1513年 1513年 1515年 1615年 1615年

342.45 986.68 711.91

559.91 926.36 191.89 497.83 204.63 459.46 436.07 579.58 539.06 102.16 731.58

325.49 325.51

299.47 446.60 223.22

4.05

13.57

4004

FINANCIAL TIMES STOCK INDICES Oct. Oct. Oct. Oct. Oct. Oct. year

Government Secs. 82.07 81.70 81.75 81.94 81.60 81.43 85.49 703.1 681.1 694.0 690.0 689.0 685.3 610.9 Industrial Ord PTE Ratio (not) (")...... 13.01 12.94 12.88 12.80 19.80 12.75 11.01 Total bargains. ___ 81,014 18,847 19,165 17,901 18,013 17,402 84,438 Equity turnover £m. — 207.19 167.85 169.76 161.40 177.65 Equity bargains. — 17,166 14,750 13,521 12,818 13,885 17,648 Shares traded (ml). — 142.0 119.0 108.0 96.0 84.7 11e.8

. 10 am 896.8. 11 am 896.8. Noon 699.9. 1 pm 702.0. 2 pm 702.0. 3 pm 702.0. 2 pm 702.0. 3 pm 702.0. 3 pm 702.0. 1 pm 702.0. Gold Minos 12/1/58. SE Activity 1874. Latest Index 01-246 8025.

HIGHS AND LOWS S.E. ACTIVITY							
1983 Since Compilatin					i	Oct.	Oct.
	High	Low	High	Low	<u> </u>	إت	
Govt. Secs Fixed Int Ind. Ord Cold Mines	83.60 (15.6) 86.10 128/10 740.4 (22/6) 461.3 (31/16)	77.00 (24/1) 79.05 (112) 598.4 (1211) 476.8 (25/19)	127.4 (8/185) 150,4 (28/11/47) 740,4 (22/5/85) 754,7 (15/2/85)	(5/1176) 60,53 (5/1176) 49,4 (29/6/46) 43,6	Daily Gilt Edged Sargains Equities Bargains Value Gilt Edged Sargains Equities Equities Bargains Value Value	194.6 111.6 418.8 140.1 83.5 333.0	147.1 85.6 339.3 145.4 89.2 322.9

across the board, with a particularly brisk trade being transacted in Marks and Spencer, up 6 at 212p in front of tomorrow's interim results. Gussles "A" rose 9 to 570p xd with sentiment buoyed by the chairman's annual

statement.

Dealers also reported more favourable conditions among secondary Stores. Harris Queensway stood out with a gain of 10 to 298p, while Dixons, 213o, and Currys, 327p xd. both firmed around 6. Mail-order house around 6. Mail-order house Grattan continued to make progress on recovery hopes and closed 4 to the good at 55p. K. O. Boardman International rose a couple of pence to 14p following the chairman's confirmation of the agreement with the company's bankers which accompanied a cheerful statement on current trading. An isolated dull spot was provided by Mellins, which eased 4 at 78p after bearish Press comment.

Among Shoes and Leather.

Among Shoes and Leather.
FII, in receipt of an investment recommendation recently, spurted 18 to 127p following sporadic support in a restricted market. Strong and Fisher, a rising market of late, held at 77p after revealing a return to profitability and a possible return to the dividend list in the current year. vear.

Major Retailers shrupped off the effects of last Friday's profit-taking and began the new Account in confident mood. The re-emergence of institutional 10 to 115p, while Pressac con-

Wed Oct 26

431.42 430.87 428.80 442.69 424.81 424.86 428.68 384.68 661.27 655.14 654.99 680.51

Ther Oct 27

4.05 13.57 (30.66 431.42 430.07 428.00 442.67 43.0 11.49 424.55 424.01 424.06 420.68 394.60 52.4 9.00 642.04 661.27 653.14 654.09 680.51 2.35 15.01 1567.66 1572.99 1565.00 1551.29 1604.05 475.00 1567.00 156

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 —
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 —
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 5.04
 —
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 494.92
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 —
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 584.87
 584.27
 570.12
 572.18

 5.02
 —
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 185.21
 185.88
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 444.81
 390.79

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 9.87
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 20.94
 179.32

 4.12
 —
 400.79
 428.95
 427.10
 484.27
 334.22

 5.42
 11.90
 287.3

1 1253 | 1249 | 1244

Tees Oct 25

proved 4 to 166p. Elsewhere, Park Foods improved 3 to 92p following Press comment. Glass Glover stracted demand in a thin market and gained 6 to a 1983 peak of 256p. Buyers also came for Squirrel Horn, which added 3 at 27p. Bio-Isolates, after reacting to 115p following

Gieves advance

Selective buying of Miscel-laneous Industrial leaders resulted in the occasional noteworthy movement. Boots, reflect-ing the current demand for store FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Fraculty of Actuaries

and the Faculty of Actuaries

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T

attention to Metal Box. up 10 st 252p. Smiths Industries, preli-minary figures due shortly, im-proved 8 to 400p, while De La Rue rallied 20 to 540p. Fresh support lifted Morgan Cruchle 5 to 130p, Rank Organisatian 8 to 170p and Trafalgar Hause 6 to 168p. Fitzwilton, reflecting the sharp advance in Atlantic Resources, closed 10 higher at 73p, after touching 77p at one stage. Mettoy were suspended at

on 12½p at 150p xd. Awalting Thursday's interim statement. CASE advanced 25 to 385p. Arlen were good at 185p, up 10. Enguieerings tended to be overlooked, although the sector provided the odd feature. Speculative demand lifted Meggitt 8 to 36p, while James Nelli were also noteworthy for a gain of 5 to 35p. Press mention prompted a rise of 5 to 33p in Ayrshire Metal and Hopkinsons improved 4½ more to 107p xd following comment on the interim figures. The prospect of increased spending in the run up to Christmas stimulated further interest in Foods, J. Salnshury hardened 5 to 420p and Associated Dairles, quoted ex the scrip issue, firmed 4 to 136p, Cadhury Schweppes found support and put on 3 to 105p, while Northern Foods improved 4 to 166p, Elsewhere, Park Foods improved 3 improved 3 adverse comment on the com-pany's Bipro protein product, railled strongly to close 10 higher on balance at 145p.

vani keets recorded the big-gest decline among the heavy-weights, falling 2½ to £60½, while falls of a point and more were common to Sonthyaal at £32½ and St Helena at £21½. Most of the other issues were between a half and a full point lower on the day. the day.

stage. Mettoy were suspended at 7p; it was announced later that the company had been placed linto receivership.

A Press report highlighting Among the medium and lower priced stocks, Free State Development gave up 45 to 465p and declines of over 30 were common to West Rand Consolidated at

McKenzie.

Irish Oils again featured well

monitoring committee warning of a possible deterioration in oil

Golds fall further

lowest level for almost a year.

385p, and Grootviel at 736p and Unisei at 803p.

The Gold-based South African Financials suffered in sympathy, led by Anglo American Gold, the possible snags involved in a down 23 to a new low for the spring flotation of Reuters year of £564. Angiovaal gave up further unsettled Fleet Holdings, which dipped to 109p before closing a net 3 cheaper similar amount to £75.

Gold Fields of South Africa were finally quoted at fill, a fall of 3 on the day after the five-for-one stock split. Diamonds also lost ground, with "Anamint" down 11 to £64

and De Beers losing 11 to 484p. Platinums came under some pressure and drifted lower, led hy Impala, down 25 to 760p, with Rustenburg 15 lower at 630p and Lydenburg 10 off at 485p.

support of Traded Options and total contracts amounted to 2,713 comprising 1,933 calls and 780 puts, ICI recorded an active 543 calls with most of the attention here centred on the January series, particularly the 600's which accounted for 176 trades and rose 7 to 26p. Marks and Spencer, interim due tomorrow. and Imperial Group attracted 255 and 226 calls respectively. dend last Wednesday.

Renewed optimism that outside concerns would he permitted to lake larger interests in Stock Exchange member firms encouraged strong support of stockjobbers Akroyd and Smithers, which advanced 28 to a 1983 peak of 453p; the annual results, which could show a sizeable profits expansion, are due around the middle of the month. Smith Brothers were also to the fore and rose 4 to 53p, Mercantile House added 6 at 335p and Exco International 13 at 538p; the latter are currently involved in talks on the above subject with stockbrokers Wood McKenzie. 255 and 226 calls respectively.

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (57) Treasury Jot 1965 Treasury 101pc 189
Treas. 6 upc '87-90 Treas. 11 bc 1991
INTL 2K & 0'SEAS GOVT STLG 185 (11
Sweden 131pcLn 2010 COMMONWTH & AFRICAN LOANS (11 L) LOANS (12 L

Irish Oils again featured well in another hurst of speculative trading. Atlantic Resources hefore settling 50 higher at 755p, touched a new peak of 795p while Aran closed 8 to the good at 64p, after 70p. Among other explorers, Cinff stood out with a rise of 25 to 85p, after 93p, buyers being excited by the company's optimism over its exploration venture in the Yellow Sea. Leading Oils staged a welcome rally, although quotations cinsed a shade helow the best following the Opec market monitoring committee warning Foreign Bohits (1)
H. Quebec 15pcla
AMERICANS (3)
Foreign Guil (3) Esmark Gen Foods Corn SREWERS (51 Amai Oist Prods SUILDINGS (11 Jennings CHEMICALS (1) BASE

W, W, Groso STORES (\$1 Pressac ENGINEERING (4)

2'ham Pellet Neill (Jas.)
Megoitt Speer & Jackson

Class Glover FOODS 111

Aero Needies Reamony
Fetzwilton Sale Tibbey
Metamec Jentique Morgan Crucible
Neil & Spencer

INSURANCE 111

market prospects during the first quarter of 1984. BP rose S to 418p and Shell 12 to 544p. Nell & Spencer
INSURANCE (1)
Allianz Vers.
Newspapers (2)
Bristal Ev. Post Gordon & Gotch Gold shares lost ground across the board for the fourth consecutive trading day, with virtually all the issues reaching new lows for the year.

Bristol Ev. Post Gordon & Gorch PAPER (11

Smith (David 5), PROPERTY (91

Springs Land Control Agency Control Contro

Bullion dipped sharply to \$382 Fit TEXTILES (11 per ounce, before rallying Stream slightly on the close to finish at Imperial TOBACCOS (11 TRUSTS [4] \$382,875, the lowest closing price since August 19 last year, and the Gold Mines index dipped in OILS 15) Cluff Oil Warriot Res.

Keywest Expl. MINES (11 South African Golds were marked down heavily in early trading as hullion edged downwards, and there was no support wards, and there was no support Lilley (F. J. C.) Typons (Contractors) from the leading Continental centres, which were closed for public holidays.

rom the rentres, which were closed to entres, which were closed to public holidays.

Vaal Reefs recorded the big-gest decline among the heavy-gest decline 21 to £607, falling 21 to £607, airstell loss. Russell (A.) Soons Soons Leisure (7) Leisure MOTORS (21 TRUSTS (1) Martin (R. P. MINES (421

EQUITIES

ssue priog	Lalette Hell	83 Stock	Costing of the cost	Het. Fires Covered Gross Yald
\$10 \$230 \$435 200 \$105 \$60 \$75 \$7 \$110	F.P. \$2:11 118 F.P. \$11 e97 200 10:2 220 F.P. = 215 F.P. 28:10 108 F.P. 28:10 108 F.P. 16:12 61 F.P. 30:11 107 F.P. = 1305	78	er 1p 104 +1 re10p 2÷7 -7 195 -10 as20p 2;75 -5 107 ns10p 92 :+2 an5p 79 0÷1.1106 0 cts, 300	62.25 6.3 1.1 15. 20.25 1.9 6.7 12.
\$60 \$81 \$45 	F.P. 12-10 74 F.P. 25.11 91 F.P. 46 F.P. 11.11 53 F.P. 31/19 71 F.P. 25.11 310 F.P. 4-11 161 F.P. 11-11 254	65 SFressbake Foo 67 Hinted Group 1 44 ALaidaw Group 21 Lon. Misland Ind 68 SMordinetrume 293 Oxlordinetrume 156 FPCT Group 10 4 Telemetrix Sp. 67 Tottenham Hots	ds5p 72 0087 10p — 10'ld 53 -2 10p 71 nts5p 29a — 2156	bo1.7 2.7 3.4 12. u2.1 2.5 3.5 15. b2.5 2.6 7.9 8. i4. b1.0 e.5 0.3 30. b4.6 2.1 4.4 i4. b1.4 5.5 0.6 8.

RECENT ISSUES

FIXED INTEREST STOCKS

138 163 1843 e.s —	at 330p, while MEPC gained 7 to a bigh for the year of 240p. British Land put on 5 at 95p on the announcement that nearly half of its prime development 6t Greenly House bod been let. Slough Estates, curreotly in mercer discussions with Alinatt London Properties and Guildhall Property, rose 5 to 113p. Hammerson "A" advanced 13 to 775p xd. Stock Conversion	Australians were a dull	1880 1883 1883 1884 1885
_	firmed 5 to 288p and Brixton Estate put on 4 to 116p. C. H.	North Broken Hill, up 10 19 194p after the encouragine first	(100 FP, 7:10 1035) BOD ROCKWAYS 7.72 Cum. Onv. 2nd Prof. 930 -2 100 £10 - 12 12 suno id+5.5heldsWrb:poRPF, 1989 12 99.124 F.P. 25:10 103-1 98.9 Wortland 125-2 Dec 2005
et.	Beazer gained 10 to 274p follow- ing Press comment.	quarter results. Peko-Wallsend gave up 4 to 370p following the announcement of the forthcom-	7 100 F.P. 17:11 102 1913; York Waterworks t, Spc Red. Prf. 1886 1013,
7.1	Among Textiles, hear closing lifted David Dixon 8 to 880; the company revealed a full-year	ing rights issue. Improved trading conditions	"RIGHTS" OFFERS
5.6 9.3	loss and passed the final divi- dend last Wednesday.	among London equities boosted support of Traded Options and total contracts amounted to 2,713	Issue 5p Lalast 1983 Slock 50 + or open Gata Color Col
5.4	Renewed optimism that out- side concerns would be per- mitted to lake larger interests in	comprising 1,933 calls and 780 puts. ICI recorded an active 543	Orice Ka date High Low
9.2 2,9	Stock Exchange member firms encouraged strong support of stockjobbers Akroyd and	calls with most of the attention here centred on the January series, particularly the 600's which accounted for 176 trades	7 Nil 1 1 2pm Anial Estates 5p

ì	"RIGH	TS" OFF	ER\$		
	Seid up	Renunc,	983 Low	Slock	Closing price
	7 NII IR35 F.P. 80 F.P. 89 NII 50 F.P. 669 NII 30 NII 109 NII 119 NII 119 F.P.	- 11 pm - 25:11 93 - 39:11 27 - 9:12 3pn - 11:11 81 - 11:11 70on - 18:11 52 - 11:11 42 pn - 7:11 9:13 22pn - 25:11 42 - 11:11:136	42° Aran 89 Asso 24° C. H. 7 3pm Cort 50° ±Co 1 3pm ±Inn 41° Inter 1 30pm Lex: 1 7pm MFI 1 15° ±Pa	Estates 5p Energy 20p C. Paper Industrials 19p Wright Rt. 10p Industrials 10p	92 -1 25 50 70pm 3 om 42 !: -1 : 40pm 22pm +1 42 : +4

Renonciacion date usually last day for dealing tree of namp duty. De Figures based on prospectus estimates, d'Olvidend rate part of payable on part of cepital: cover based on dividand on tuil capital. ¿ Assumed dividend and yield. u Forecest dividend cover based on previous yeer's cemings. F Olvidend and yield based on prospectus or other official estimates for 1983. B) Dividend end yield based on prospectus or other official estimates for 1983.B. Q Gross. ‡ Cover allows to conversion of others not now ranking for dividend only for restricted dividende. © Figures or raport swellad. § Pleging once, p Pence unless otherwise indicated, § Issued by way of capitalisation, §§ Reintroduced. ¶ Issued to restricted the connection with reorganization major or take.over. M Introduced. ☐ Issued in connection with reorganization major or take.over. In Introduced. ☐ Issued to former gratorance folders. ☐ Allotment letters (or fully-paid). ● Provisional or partly-paid ellotment letters. ★ With warrants. † Effective issue price ster scrio, † Formerly desit in under apocial rule, tt Ossit in under Rule 153 (3). ★ Unitsied Sezurities Market.

For rate indications see end of
Share Information Service
First Last First Last Last For Deal- Deal- Declara- Settleings ings tion ment
Oct 24 Nov 4 Jan 26 Feb 6
Nov 7 Nov 18 Feh 9 Feb 20
Nov 21 Dec 2 Feh 23 Mar 5
For role indications see end of

Share Information Service Stocks favoured for the call included Premier Oil, Associated Dairies, Helical Bar, Brock-house, Wearwell, L and J. Hyman, Aran Energy, Burnett and Hallamsbire, Cornell, London and Liverpool, North Kalgurii, International Petroleum. Sheraton, Samantha, Sased on by Tains relited in Stock Charles Baynes, Suter, Carpets Eschange Odicial List. International, Consultants (Compnter and Financial), W. E. Norton, Highgate Optical and Industrial and Tozer Kemsiey and Millbourn. A put was stranged in Acorn Computer, but no doubles were reported.

RISES AND FALLS YESTERDAY

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Corpris. Oom. and Forsign Bonds 23 2 Industrials 319 161 8 Finensial and Prop. 155 63 3 Oils 40 15 Industrials 15 63 3 Oils 16 16	4
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•	Akroyd and Smithers	≟\$3	+ 29
	Aran Enersy	64	- 6
	Attachic Res	755	+ 50
	Barrati Oess		±13
	Clar Oil		+ 29
	Cons. Gold Fields		_ Z
7	Eagle Star		— Ê
	Grand Met.		- 12
			- S
	Land Secs	27/2	+ 8
			&
•	Marks and Spencur	572.4	± 19
•	872	-120	- 12

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ici		270 580	471
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Metal Sciences	14	25	_
S: cls	12	166	= 2
Fleet Hidts	13	113	— 3
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UNIT TRUST PRICES Due to technical problems, it was not possible fally to update loday's display of unit trust

EUROPEAN OPTIONS EXCHANGE Vol. | Last | Vol. | Last | Stock

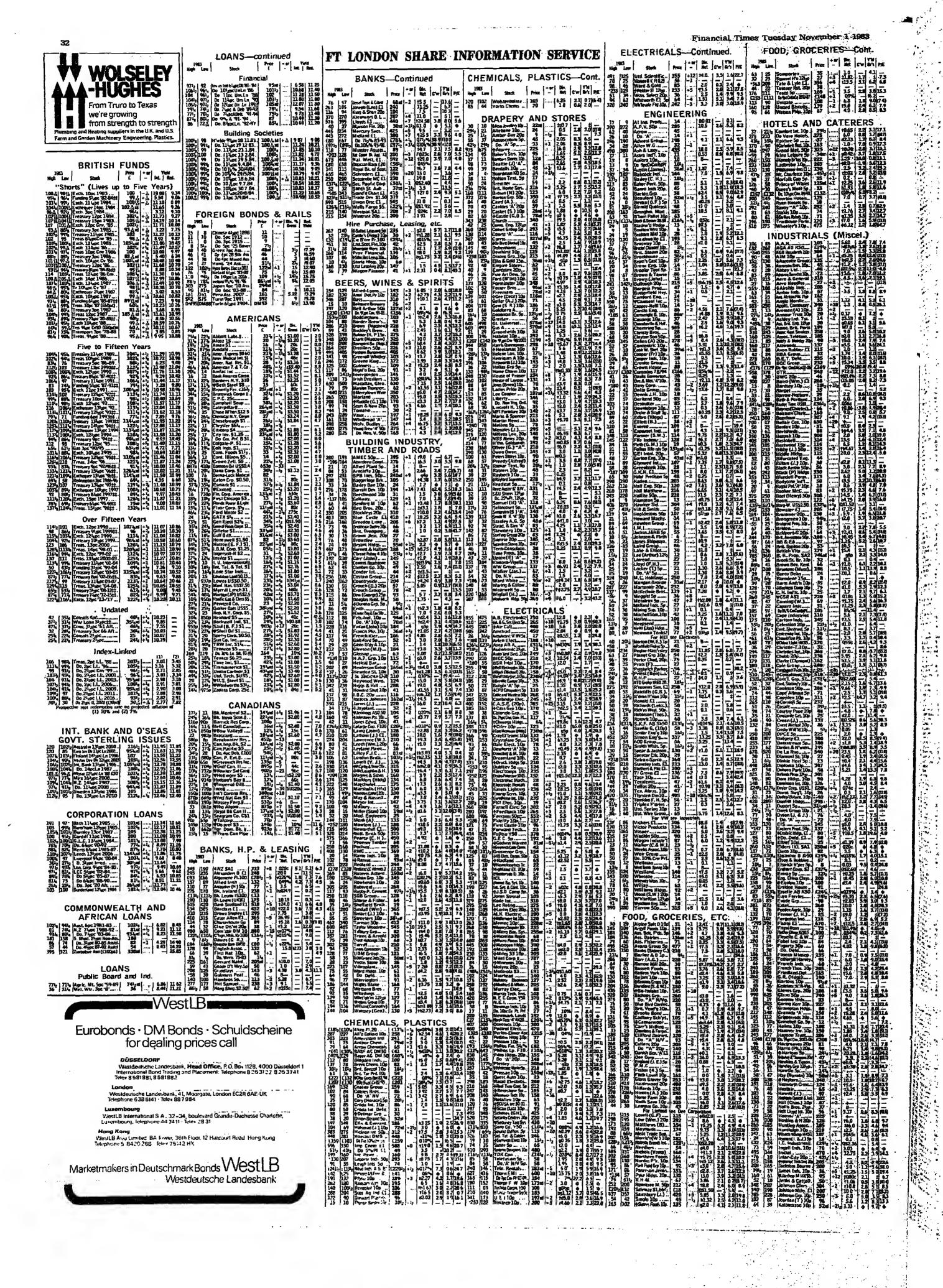
GOLD C \$37 BDLD C \$44 GOLD C \$45 GOLD C \$45 GOLD C \$55 GOLD P \$57 GOLD P \$46 GOLD P \$44	00 40 15 - 10 20 16 - 150 150	0, to 10 44	69 51 72	28 13,10 6 3,40 8 18,50		22.50 1e.50 7 —	# 382.80 ""
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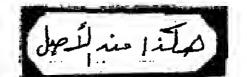
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† Flat yield. Hight and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 48Y, price 15p, by post 28p.

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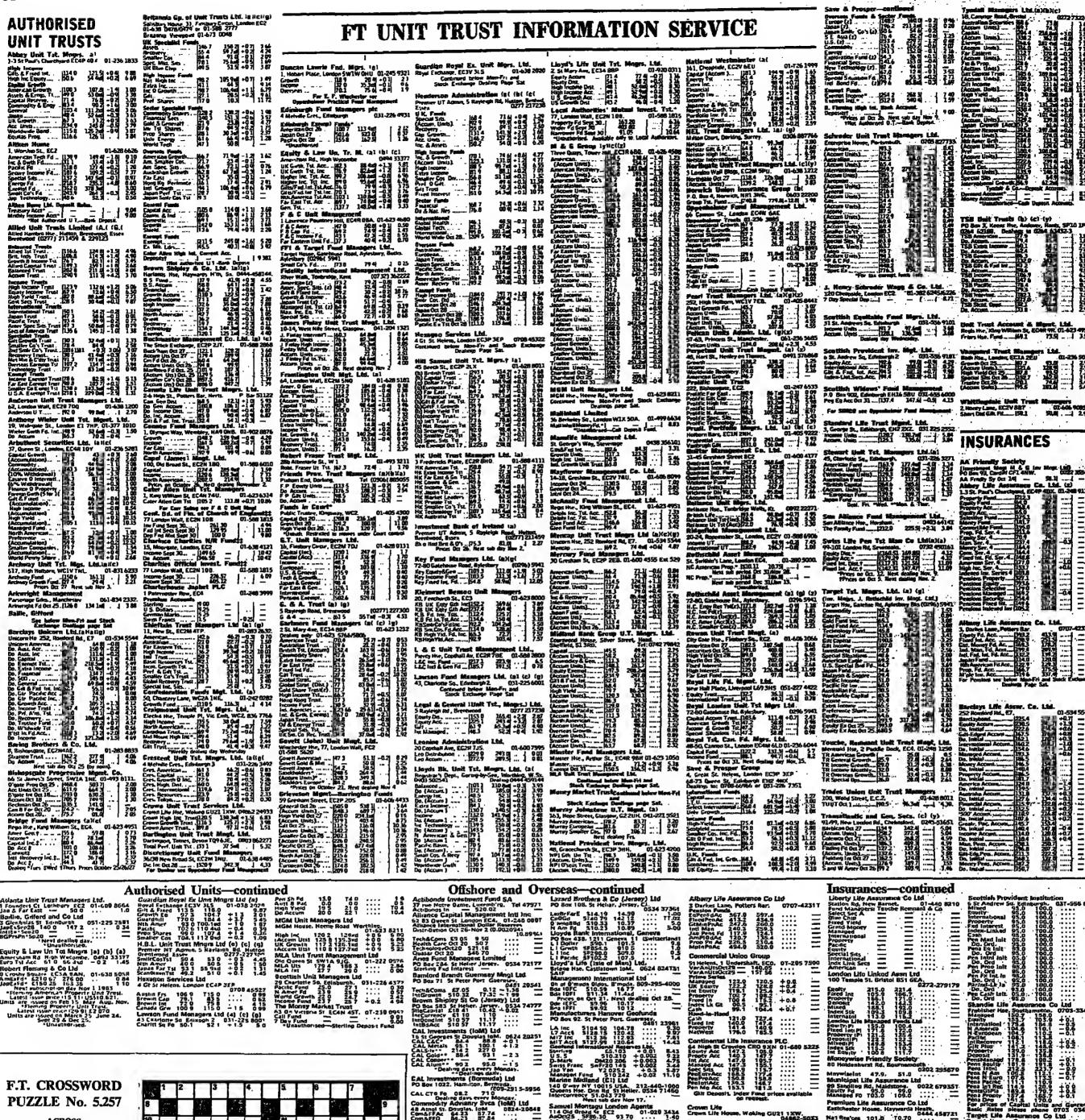




MONTHALL COURSE

MANUAL COURSE

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F.T. CROSSWORD PUZZLE No. 5.257

ACROSS

- 1 Party under cover ? (6-6) 10 Artis('a bow-tie? (7)
- 11 Lettering on tablet? Mines in rough heap! (?) 12 Regretting disaster at Goodwood's opening . . . (5)
- 13 . . . he is on course to see career go awry (44) 15 One smashed by racketeers?
- 16 A hut falling to pieces—in ouch a state (4)
- 18 A former line of retief (4) 20 Tales about one, so airplane
- ordered (10) 22 Steepest decline following the spring? (4-1)
- 24 Titled host shunned by Hardy? (5)
- 26 Baggage-handler down under? (7)
- 27 Lots of animals in pine. possibly, or one living on the (runk? (7) 28 Warning light seen when

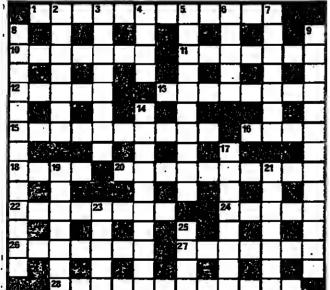
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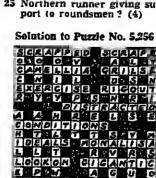
2 Popular judgment of the ring-shackle (7)

tanding-gear's out of order

- 4 Force-holding measure (4)
- 5 It helps one better to see or 23 I need the end of Ged 10 gape, possibly, at girl (5-5) turn me on (5)
- 7 Computer data to otudy altresco? (4-3) 8 The finish of a ghost? (6-7)
- 9 Parish draw-pipes? (6-7) 14 Compliance with law, once braves brought into tine (10) 17 Adversely criticising what poor engine is doing (8)
- 19 Hot stuff and leading per-3 For this sunken design, I go former in soft ground (7)
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25 Northern runner giving sup port (o roundsmen ? (4)

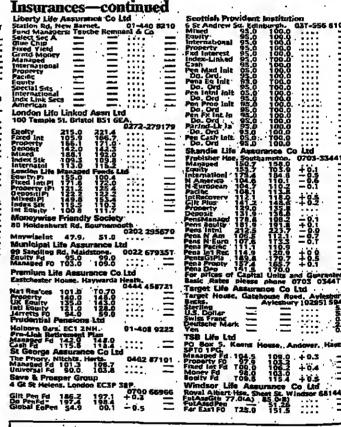


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A green earth or a dry desert?

There may still be time to choose

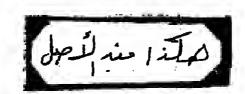
The World is destroying its tropical rainfurests. Half the forests have gone, and the speed of destruction is decelerating. If this continues we will have for ever the earth's greatest treasure house of plants and animals, perhaps our most valuable natural resource for the fature. In the next 25 years the vast forests of Atalaysia and Indonesia could be gone forester, leaving crosson to turn a green paradise into a borren wisterland.

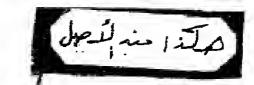
It's happening portly because the local people depend upon the forests for their immediate needs for survival, partly because of demand in the developed world for tropical timbers.

In 1981 the WWT and other authorities published a plan for developing resources without destroying them. We need your help to ensure that it is put into action. Write on WWF for more information. It could be the most impartum letter you ever write.



World Wildlife Fund - L.K. Panda House, 11-11 Ocklord Rd., Godalming, Surrey GU7 (QU. FOR WORLD CONSERVATION





Financial Times Tuesday November 1 1983 Stack Serie Life Asc. Co. Ltd. 71. immed St. EG? 01.673.1700 6.7. Management Ltd.		35
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Tea prices surge ahead in London

BY JOHN EDWARDS.

TEA PRICES eurged ahead at for tea in the oil-rich Middle the London auctions yesterday, East countries, especially those reaching the highest levels since with a large expatriste popu-Indicative prices for quality driokers. Even more important teas jumped from 197p to 214p to the world tea supply-demand o kilo end medium quality from balance has been the continued

o kio end medium quality from
183p to 196p. Low medium
were up by 4p to 166p and tha
average price le expected to be
some 10p higher than last
week's figure of 180p. A year
ago quality tea was fetching were up by 4p 10 166p and tha average price is expected to be some 10p higher than last week's figure of 180p. A year ago quality tea was fetching only 140p a kilo.

The surge in prices is a continuation of the steady rise in the market during the past yeer Indian exports may decline reflecting and a drawdown of decline in Sri Lanks and these

supplies and a drawdown of

For the past three yesrs made up by production increases in Kenya snd Indonesia.

Brokers point out that slthough sterling prices for tea put was estimated to be about 30m kilos below demand.

Production is recovering this year from the poor crops last year, but consumption is reported to be moving ahead etrongly too.

Sbortfslis have not been fully made up by production increases in Kenya snd Indonesia.

Brokers point out that slthough sterling prices for tea where near the same amount.

However, it seems inevitable that the rise in the anction prices worldwide means thot the retail cost of tea in the UK will etrongly too.
In recent years there has been

Sugar decline continues

considerable growth in demand to increase from present levels.

WORLD SUGAR values conworld stocks.

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The world stocks.

The world stocks of the west derman sugar etailstics organisation, reported yesterday that last week's sugar etailstics organisation, reported yesterday that last week's surpression even more single-from weather had been favourable for beet liftings as well as for transport. Sunny of world stocks. of world stocks.

The London daily raw sugar tents whila frosts hed been light price slipped another £4 to £140 and bad neither hampered har-

last three weeks to £30. Adverse weather in most growing sreas early in the season had encouraged analysts to forecast e world production deficit of more than 3m tonnes for 1983-84. But recent near-ideel conditions have led most to accept that stocks may be cut by only 1m tonnes or less.

already infect.

While crop prospects have continued to improve there has been little sign of any upturn in demand. Traders have been looking hopefully towards the Soviet Union, which is often a keen buyer at this time for year, but so far it bas shown little interest in buying. Adverse weether in most growing sreas early in the season had encouraged analysts to forecast e world production deficit of more than 3m tonnes for 1983-84.

increase in domestic con sumption of lea in India.

Indisn exports may decline
Output hss continued to
decline in Sri Lanka, and these
sbortfells have not been fully

retail cost of tea in the UK will be under considerable pressure

GAS OIL FUTURES

Trading was thin throughout the dey, reflecting e lach of interest on the physical merket. Alter beginning the day e shade lower, prices moved down to reach the lower in early attempon, New York and buying interest in physicals aparked e mily towards the clear end the market anded near the bighs, reports Premier Man.

Oct 243, 15 - 0.25 46, 75-69, 75
Nov. 252, 50 - 0.50 225, 00 52.25
Ooc. 254, 25 - 0.50 225, 00 52.25
Jan 654, 75 - 0.50 225, 00 52.25
Feb 253, 50 - 0.75 224, 25 25, 00
Mar. 248, 60 - 0.25, 247, 75 47, 50
April 946, 75 - 0.75, 244, 25 45, 75
May. 243, 50 - .

Turnover: 769 (1,003) lots of 100

Copper stocks up again

By Our Commodities Editor

COPPER stocks held in the London Metal Exchaoge ware-bouses roee again last week for the 13th week in succession. The increase in stocks of 6,350 tonoes took total holdings to 416,125 tonnes. This is the bighest total for five years and compares with stocks of just over 250,000 tonnes in mid-

There was little reaction on the market, which has become inured to stock increases. Prices were depressed in early trading by the easier trend in precious metals but rellied later to end the day virtually unchanged. Reuter reported from Lime that workers at the Cerro Verde mine heve ended s three-day "wildcat" strike. Meanwhile, the month-old stoppage coo tinues et Southern Peru's Ilo smelter and Toquepals mine.

The Cuejone mine, also owned by Southern Peru, is not affected by the stoppage but because of the shutdown at the smeker it has been forced to sell concentrates elsewhere. Other base metals followed the same pattern as copper, with early losses being partially re-couped in late treding.

Aluminium stocks were down for the ninth week in succession failing by 5,550 to 230,525 tonnes. Lead stocks also fell agaio by 4,875 to 188,850; zinc by 2,400 to 106,000; and tin by 130 to 41,820 tonnes.
Nickel stocks rose by 456 to 25,962 tonnes and LME silver boldings increased by 370,000 to 38,060,000 onnces.

Silver prices came under reyesterdsy following further speculative eelling. The London bullion spot price was cut by 17.95p to 584.20p o troy ounce, wiping out Friday's gain. Gold closed \$3.75 lower at \$382.875 on ounce.

Optimism grows for softwood prospects

could be felt at the European ably better than the average Softwood Importers/Exporters for the rest of the importing Conference beld recently in countries, but is explained by

eight importing and seven exporting countries, annually essesses the prospects of the softwood market This year the eight importers (Belgium, Den-mark, West Germany, France, Italy, Spain and the UK) are expecting the recovery to confinue, to give an overall 1.4 per cent increase in consumption.

Rising confidence will enconrage the bolding of higher stocks. As a result total imports are likely to rise by just over the economic cycle) it was forecast apparent consumption would decline by just over to 6.7m cubic metres.

Tha seven exporting countries (Australa, Canada, Finland, Poland Sweden, ILS, and the

5 per cent Softwood apparent consumption (wood passing out of their stocks of sawn wood were importers yards) is forecast at at low levels, they did not 6.8m cubic metres in Britain anticipate any shortages.

Britain baving an earlier fall at The conference, attended by the start of the depression.

No dramatic increase damand is anticipated in Europe next year but a con-solidation of the recovery which has already started is expected. In the UK (again because of our position in the van of the economic cycle) it was

The seven exporting countries (Australa, Canada, Finland, Poland, Sweden, U.S. and the Soviet Union) said that while Finland's exports may be cur-

forest owners. Forest owners are bolding out for higher prices for their logs which the mills say they cannot pay. A gap of some 10 per cent separates the

Economic recovery in the U.S. has been more rapid and has had an immediate effect on soft-wood consumption which is expected to rise by nearly 20 per cent this yesr on the back of improved housing starts in the early part of the year. A con-tinuing but less dramatic improvement is forecast for 1984.

In Europe an unusually wide price differential has opened between redwood (pine) and whitewood (spruce). Both form part of the usual softwood market mix but there are tra-

A MOOD of restrained optimism coot on 1982. This is consider- tailed next year because of an not be justified technically, by

wood within the UK, as do France and Holland on the Continent. The economies of the whitewood favouring areas are more depressed resulting in poor demand in relation to red-

Producers, who have limited control over the intake of the two species into their mills, have been dropping whitewood prices to stimulate demand which accounts for the differen-tial now at historic proportions. Scandinavian producers are planning to promote whitewood.

The Soviet Union expects to increase its exports from 7.3 to 7.5m cubic metres next year but the increase is destined for Eastern bloc countries.

Farmers' union

welcomes

tenancy Bill

By Our Commodities Staff

THE NATIONAL Farmers'

Union of England and Wales

yesterday welcomed the publi-

cation of the Agricultural

Holdings Bill, which was given

its first reading in the House of Lords last Thursday.

The union said the Bill, which

is based on a formula reached between the union and the Country Landowners' Associa-

tion two years ago, offers benefits both to landlords and tenants. It will put the rent

formula on a fairer basis while

fight EEC vegetable oil tax By Our Commodities Staff

Asean to

A COMMON stance in opposing European Community plans to introduce a consumption tax on vegetable oils has been agreed by Association of South East Asian Nations (Asean) economic ministers. Government officials in Jakartz said Indonesia and

Malaysia particularly will express strong disapproval of the plans at the meeting of Food and Agriculture Organisation in Rome. The proposals could hit sales of palm and cocount oil to Europe.

THE U.S. General Services ● THE U.S. General Services Administration purchased 4,500 short top; of titanium for the national defence stockpile from three companies. Two contracts went to the Timet division of Titanium Metals of America, and another to Billiton Metals. ● CHINA has estra—hed China Huaxing Tungsten Corporation to manage tungsten exports and nationwide planning and pricing.

ming and pricing.

Medical Physics of the price of the pr the financial year, compared with stocks of km tonnes held st the beginning of last year.

SOVIET UNION meat production this year is expected to be above 16m tonnes. The 1982

15.4m tonnes. U.S. roastings of green coffee in the week ended October 22 were about 365.000 (60-kilo) bags, including that used for soluble production, compared with about 345,000 in the same week

formula on a fairer basis while helping to provide a more favourable climate for landowners wishing to let land.

But the Royal Institution of Chartered Surveyors said the proposed legislation would do nothing to promote the Government's aim of making more farms svailable to let.

production, compared with about 345,000 in the game week last year.

THE EUROPEAN Commission said \$58m will be allotted from the "STABEX" commodity insurance scheme to 19 Africab, Caribbean and Pacific states linked to the EEC-by the Lome Convention.

\$4.70°

WINDETS -

Scrap agricultural support, says report

of 100 (mainly unnamed) contributors into a series of options which include a phased withdrawal from the Common Agricultural Policy, turning producer marketing boards into oluntary co-operatives, making formers support research and advisory services, and ending subsidisation for land drainsge, which is beld to be s reason for cropping unsuitable land. As a final shot the In-

* Cents per pound, # MS per kilo.
† On the previous unofficial close.

Silver was fixed 17.95p en ounce lower for epor delivery in the London bullion market yesterday at 584.2p. U.S. cent equivalents of the fixing levels were: spot 874c, down 26.2c; six-month 815.3c, down 28.5c; end 12-month 815.3c, down 27.4c. The metal opened of 565.5886 (875.875c), and closed at 585.585p (871.875c).

SILVER

THE WHOLESALE scrapping of all forms of agricultural support is recommended in a report from the Adam Smith Institute published today.

The Institute "Think Tank" has distilled the wisdom of 100 (mainly unnamed) constituta recommends that the whole areas of Britain were Forestry Commission should be abolished and the forests sold. form of state support.

The report relies heavily on MP Mr Richard Body's thesis that the distortions, as he calls them, caused by the present price support arrangements has caused a great drift of farmers and farm workers from the

restricted importation of food from overseas. Agricultural protection began in the UK in the, early, 1930s, mainly, in

the early 1930s, mainly in response to various forms of dumping which regrettably still exist in the world today.

There is no doubt that both food and farm support are costing too much but this report's solution would only work if the rest of the world odopted the same principles. These are almost universally disregarded.

To adopt these ideas in isolation would be akin to throwing

UN expects world cereal stocks to fall by 20%

RUBBER

THE United Nations Food and Agriculture Organisation (FAO) and Expects world cereal stocks in 1983/84 to fall 20 per cent below the previous season's level to 262m tonnes.

In its monthly food balletin of U.S. coarse grain output.

But FAO's estimate of world cereal output was unchanged from the previous month; at tonnes from 693m following o 1,605m tonnes, compared with reduction in the official forecast 1,706m the previous year.

AMERICAN MARKETS

NEW YORK INDICES FINANCIAL TIMES

ANALY (MST) USHA Osc 79.92 79.99 March 81.05 81.70 Msy 51.05 81.70 Msy 1.192 81.98 Oct 75.95 70.05 Dec 74.70 74.75 Merch 75.70 78.05

Oct.28:Oct. 27 |With ago, Y'ar ago 284.89 283.71 | 288.14 | 227.19 (Bese: July 1 1962-100) REUTERS

Oct. 31:Oct. 28 Fith ago Y'ar ago 1880.B 1890.6 1883.1 1610.1 (Base: September 16 1931-100) MOODY'S Oct. 280ot. 27 M'th ago Yearago

1050.9 1083.1 2053.0 978.2 (Base: December 31 1974=100) DOW. JONES Dow Oct. Oct. Month Year Jones 28 61 Ago ago Spot 1155.42.155.8 141.35/197.15 Fut's 1142.27/141.59 146.92.154.32

WOOL FUTURES

SYDNEY SREASY WOOL—Close (in order: buyer, seller, business). Australiae cents per kg. Dec 558.0, 558.5, 558.5-558.0; March 576.0, 577.0, 577.5, 577.0, 577.

GRIMSBY FISH—Supply fair, demend good. Prices at shun's side (unprecessed) per stone: Shell cod £5.50-£7.50. codlings £4.00-£5.00. Medium Heddock £4.00-£4.90. ansell £2.30-£4.00. Medium Plaice £3.40-£7.20. gest Breell £3.00-£4.00: Skrimed Doglish £2.30-£4.00: Medium Plaice £3.40-£7.20. gest Breell £3.00-£5.00: Skrimed Doglish (larga) £7.00. ansell £4.00; Lemon Sote large) £9.00. medium £7.00; Rockfish £4.50. SMITHOFIELD — Beet: Scotch killed sides £1.0 to £7.0; Ulster hindquarters £2.0 to £6.0. forequarters £8.0 to £2.0; Erra hindquarters £3.5 to \$7.5 forequarters £8.0 to £7.0; Ulster hindquarters £8.0 to £7.0; Hondarters £8.0 to £7.0; Lemon £8.0 to £7.0; hondarters £8.0 to £7.0; hondarters £8.0 to £7.0 hondarters £8.0 to £7.0 hondarters £8.0 to £5.0; loported: New Zasland Fl. £9.5 to £0.0; PX £7.5 to £6.0 Port: Ernglish ander 100 fb £5.5 to £5.0, 100-120 fb 48.0 to £5.5. 120-160 fb 45.0 to £7.0.

MEAT COMBRISSION — Average fattock orices at rapresentative markets. £8.—61.0 ge £7.13p per kg lev (-0.28). COVENT £8.000 ft £7.13p per kg lev (-0.56). Nov Dec Jan Feb March April May June

GB—Sheep 127.45p per kg est dew (-6.161, GS—Piga 77.13p per kg lw (+0.38).

COVERT GARDEN—London: Prices for the bulk of produce, in starting cerpackaga except where otherwase atsend. Imported Produce: Satusmas—Spanis: 2.80-3.70. Oranges—Spanis: 6.00-7.00: Outapan: Valences Lares 65 7.70. 72 7.70. 28 7.60, 112 6.80, 138 6.30, 150 5.30; 9razilias: Valencia Lates 5.50-6.00: Urgusyan: 6.00-6.00: Lemora—Italiac: Carton 7.00-1.50; Turkish: 6.00-7.00 cyprus: 10-1a; boxes 5.00-6.00: Graek: 15-ko 7.00-7.60. Graefush—Hondures: Box 5.00-5.50 Dominican: 5.00-6.50: Cuban: 4.40-4.50; Late: 32 5.80, 36 9.00, 40 6.20, 48 6.65; 45 5.65; 64 5.40, carton. pink, 8.00-6.50: U.S. raby 8.60, 10.00.

Apples — Franch: Goldon Oslicious corton 6.50-7.00, half-carton 3.20-3.40, Granny Smith carton 7.60-8.40, half-carton 3.50-4.20, Starkrimson, carton 8.80-7.20: Nuncorine: Red Delicious 19-kg aporox, 1.00; U.S. Red Delicious 19-k

CHICAGO COPPER 25,000 lb, cents/lb CHICAGO

Close High Low Frev S2.00 LVE OAFTLE 40,800 lbs, cents/lbs

Roy 62.35 — 63.70 63.70 63.80 be 59.42 59.70 69.82 B9.77

Jan 61,66 63.70 63.70 64.86 Be 59.42 59.70 69.82 B9.77

Riser A4.85 65.40 64.80 85.70 58.80 B9.72 59.37

July 67,40 67.95 67.30 68.38 June 58.82 60.15 59.72 59.37

July 67,40 67.95 67.30 68.38 June 58.70 64.15 63.70 63.97

Dec 70.80 71.30 — 71.70 Oct 61.50 61.50 61.50 61.60

Jan 71,90 71.80 72.84 UVE HOGS 30,000 lbs, cents/lbg

Close High Low Free

Close Fig. 10 Close Free

Close High Low Free

Close Fig. 10 Close Clos COFFEE "C" 37,000 fbs, cents/lbs Dec Close High Low Prev Feb Dec 141,54 141,70 137,80 138,09 April Close High Low 43.32 43.80 43.25 46.95 47.20 46.57

MAIZE 6.800 by min, cents/56 lb-bushel Total Proy 6x, 5, troy 6x 1 Proy 6x 1 Proy 6x 2, 52 Proy 6x 3, 6x 1 Proy 6x 2, 5x 1 Proy 6x 1 Proy 6x 2, 5x 1 Proy 6x 1 Proy 6 HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons SOYABEAN MEAL 100 tores. ORANGE JUICE 15,000 lbs, conts/lbs

PLATINUM 50 troy oz \$/troy oz

Close High Low Prev WHEAT 5.000 to min, conts/60 25-busher. Low Prev 28 0 906.0 906.0 906.0 906.0 906.0 907.0 907.0 907.1 336.6 906.8 906.8 906.8 906.8 10034.6 904.6 Dec 361.4 361.4 364.4 269.5 March 367.4 372.2 367.2 372.2 383.4 369.4 369.5 March 367.4 372.4 367.4 371.4 July 365.0 257.4 264.0 357.2 Sept 362.6 365.0 261.5 262.4 Dec 376.2 377.4 374.0 377.6 SPOT PRICES—Chicago local lard 16.00 (19.50) cents per pound. New York in 598.00-603.08 (557.00-603.00) cents per pound.

5.20-5.50. Sunst Pers Kenysn: Per pound, 1.40-1.60. Persimmons Italias 1.30-1.60. Persimmons 1.30-1.60. Persimmons Italias 1.3

PRICE CHANGES =

Olts Coconut (Phil) \$690.0y -5 \$660 Ordendrut 1 Linseed Cruds 1 Pairs Malayan \$660v 5 \$690 Commodities, Cook and the commodities, Cook and the cook 4 Unqueted. w Nov. u Osc. v Jan. Cot. Nov. y Nov. Osc. † Per 75 lb

LONDON OIL SPOT PRICES

	Latest	+ Of -
CRUDE OIL-FOS IS	per barrel	
Arabian Light	28,50-28,6	6, -0.0
trasion Light	21,25-28,0	5' —
Arabian Heavy	.26.50-26.6	5; -0.0
North Sca Fortlest	29.00-20.5	5 +O.0
North Sea (Scent) Almoan Bossy Li'ht	39.15-29.9	ğ. <u> </u>

GOLD MARKETS

Gold fell \$32 an ounce from Fridsy's close in the London bullion market yesterday to finish at \$382;-383;. The matal opened at \$383;-384 and traded between a high of \$383;-384 and LO between a nigh or 5381-384 and a low of 5381-3811. Gold tended to follow silver in a steady decline, with the afternoon fixing of 5382.00 the lowest fixing level

DM 32,715 (\$388.97) previously and closed at \$381}-382‡. In Zurich gold closed at \$382‡-LONDON FUTURES Yest'rday's +or Business Close - Dons e per troy In Frankfurt the 121 kilo bar was fixed at DM 32,465 per kilo (\$384.51 per ounce) against ounces. 499 (\$11) lots of 100 troy

EUROPEAN MARKETS

ROTTERDAM. October 31,
Wheet—(U.S.S per tonne): U.S. Two
Red Winter: Nov 160, Dec 161.50, Jan
182.50, Feb 164.50, March 165. U.S.
Northern Spring 14 por cent protein Nov
187. Oac 189.50, Jan 193, Feb 194. March
186. April-May 181.
U.S. Three Amber Ourum Oct 10-Nov
10 201, Nov 201, Oec 201, April-May 205,
Genaden Western Spring Spot 205.50,
Oct. Nov 206.50,
Maize—(U.S.S per tonne): U.S. Three
Yellow affort 164, Oct 163, Nov 161,
Oec 161, Jan-Morch 161, April-June 160
esilers, Argantins Plate affort 170, Oct
171. mid-Oct-mid-Nov 172. Nov 175
esilers.

Seventeere—(U.S.S per tonne): U.S. Three
Yellow affort 164, Oct 163, Nov 161,
Oec 161, Jan-Morch 161, April-June 160
esilers, Argantine Plate affort 276, Nov 282, Oec 286.50, Jan-Merch
Oct 277, Nov 282, Oec 286.50, Jan-Merch
Oct 278, Nov 284, Osc 283, Oec 283, Oec 284, Osc 284, Osc

Pallers.
Soyabeans—(U.S.\$ per tonne): Two
Yellow Gullports Nov 325.50, Dec
328.50, Jen 332.50, Feb 335.50, March
340, Apsl 341, May 341.75, Oct 267.50,
Nov 267.30, Occ 270, Jen 275.50 gellers.

PARIS, October 31.

Cocco—(FFr per 100 kg): Dec 18921894, March 1723-1727, May 1740 bid,
July 1750 bid, Sept 1780 bid, Ose 1810
bid, March 1835 bid, Sales at cell: 4.
5ugar—(FFr per tonna): Dec 19051915, Morch 2030-2035, May 2111-2115,
Aug 2105-2115, Ost 2275-2295, Dec
2320-2340, Sales at cell: 6.

BASE METALS

BRITISH COMMODITY PRICES

BASE METAL prices were merked down is early trading on the London Metril Exchange in lina with the weaker pracious metals, but mostly attracted some slight trade buying at the lower levels and closed above the worth. Copper touched £945 before rallying to £956,6. Lead weo finally £262, Zinc £93,5. Alasminium £1,633 and Nickel £3,190, Tan were aupported in the face of light selling pressure, and closed alightly firmer at £8,660. Arratgemted Metal Treding reported that is the morning higher-grade cash copper traded at 1522, 23, Three Months CS48, 48, 47, 48,50, 48, 45,50, 45, 50, Cathodes: Cash 1903, Karbi Higher Grade Three Months CS45, 45,50,

Months (S	51, 51.50 at Grede , 54.50,	51, 1 Three	Grade 53.50, 53, 5 6 Months 56, 66.50	33.50 0953
COPPER	Official	+ 01	p.m. Unofficial	+0
High Grde	£	£	£	£
Cash e months Settlers't	925.6 948-6 925.6	-11.7 -12.5	950.5-1.5 953.5-4	-6.3 -8.3
Cathodes	908-4	-17	211-8	_7

5 months Settlom't. U.S. pro'O	925.1	17	58-1e	
TIN				
Moraing: 85. Three	Month	£1,655	i, 60.	High
Grada Ces E8.715, 10 Months E	. Kert	Stane	sard: 7	mes
Three Mor	tha EB.	661. 60,	61. 1	Carb:

Standard:	ontha £8,661, 60, 61, Karb: Three Months £8,662, 61, 60, de: Cash £8,740, Turnover; nes.	Dec
TIN	official - Unofficial -1	July 1478-73 +93.0 1418-43 Sept 1484-87 +26.5 1488-58
Migh Grds Cash e months settlers't Standard. Cash e months Settlem't	8110-30' +50 8710-5 9730' +10'	Salea: 2,935 (1,338) lots of 10 tonnes. ICCO—Indicator prices (U.S. cents per pound). Oarly price for Oct 51: 94.55 (93.32); five-day average for Nov 1: 93.43 (93.33).
Strafts E.	\$\$30.10 -8.84	COFFEE

	Maw York		<u> </u>	:	<u>. </u>
	LEAD	•			
	£281, 80	g: Cash : . 79, 79,	79,	78.50.	Kart
	Cash £27	ontha £276 2.50, 72. T	ptea	Months C	280.50
•	Three Mi), 81, 82 onths £26 25 tonnes.	1, 82		
	LEAD	Official	+ or	p.m. Unofficia	u!+ 5
	Settlem't	978,25 268,76	-11	_	-8.2 -8
- 1	U.S. Spot	_		-25.0	I

ZINC

ALUMINIUM

Aluminim a.ra. + or p.m. + or official NICKEL

Morning: Cash £3,112. Three Months £3,185, 90, 57, 85, 81, 82, 85, 86, Kerb: Three Months £3,185. Aftermoon: Three Months £3,190, 85, 90, 93, 94, 92, 93, Kerb: Three Mosths £3,195, Turnover: 1,093 tosnes.

Nov. 120.20 -0.57 115.70 -0.95
Jan. 193.40 -0.50 119.30 -0.50
Har 126.40 -0.50 119.30 -0.50
Har 129.55 -0.45 124.30 -0.45
July 132.30 -0.30 -0.50
Sept. 117.15 -0.85 115.00 -0.75 Sept. 117,15 — 0.88 115,00 — 0.75

Business done—Wheet: Nov 120,20
only, Jan 123,50-23,40, March 125,40
only, May unuaded, July untraded,
Sept unuaded, Sales 38 lots of
100 lonness Barley: Nov 116,10-115,70,
Jan 112,35-19,30, March 122,30 only,
May 124,30 only, Sept 113,25 only,
Seles: 110 fots of 100 tonnes. POTATOES Syying in Loodon against Outch schittage put values higher initially, with April reaching £216,90 below charter selling and light profit-teking in a thin rearket occad levers back, closing slightly one on the day.

Yestrday's + or Yastday's + or close | -

After a slightly attender opening trade buying ancouraged turther gallins in this dealings reports O leuse elembars turther. However, good commission house salling during an active afternoon industried talls of around £20.00 before later prolintaking paraelly restored values.

YSHEAT

Yestday's : Previous : Busines close close : Done £ per tonne

The physical market opened slightly steadier, attracted little interest throughout the day and closed dell, reported Lewis and Past. The Kusta Lumpur October fob price for RSS No 1 Spot _____ e119-8 __64 5180-5 __92.5 3 months 5186-7 __41 e193-5 __53.5

No. 1 R.S.S.	Yest day's	Previous close	Business Done
	£p	er tonne	
	794-795	789-791	794-789
della	790-800	790-799	795-790
	808 809	810-811	511-808
	826-824		825 824
	850-840	851-854	. = .
	865 870	866.869	- =
	882-885	881-885	

SHLVER Burlion + or LMLE + or per Tixing price Unofficit Water (78.50p); Jes 60.00p (same).

....684.20p -17.9 583,75p-17.2 O months 611.85p -16.8 = SOYABEAN MEAL Use: — Turnover 49 (71) lots of 10,000 ozs. Morning: Three months 599.0, 58.5, 98.3, 96.0, 97.5, 97.5, 97.5, standard on trade buying to close about unchanged.

The market opened 500 dwm in dull trading, reports T. G. Roddick. Prices 599.0, 58.5, 98.3, 96.0, 97.5, 97.5, 97.5, standard on trade buying to close about unchanged.

Yeerday's + or Business months 600.0.

Kerb: Three months 598.0. Attamoon: Three months 600.0. 599.5. Kerb: Three	(Yestday's + or Business	SYDNEY GREASY WOOL-Close (in order: buyer, seller, business). Aus-	March 12
remarks 600.0.	close - Done	traliae cents per kg. Dec 558.0, 558.5, 558.5-568.5; March 575.0, 577.0, 577.8-	COTTON
COCOA	per tonna	577.0; May 587.5, 588.0, antraded: July 598.0, 802.0, 600.0-600.0; Oct 596.0,	Dec 7
Although tending to wallow is thin volume during the morning, futures	Dec	598.0, ustraded; Dec 608.0, 610.0, untradad; March 620.0, 624.0, 620.0-620.0, Soler: 10.	May July
railled sharply this afternoon on ra- newed commission house buying and	June	LONDON NEW ZEALAND CROSS-	Oct 7
closed on a fully atsady sote at the highs of the day, reports Gill and	October 175.08-77.00 +1.50 177.00-76.08	BREOS Close (in order: buyer, eatler, business). New Zesland cents por ky.	March
Oulus.	Sales: 124 (82) lots of 100 tonnes.	Oct expired 470-380; Dec 407, 408, 408- 407; Jan 405, 408, instructed; March	GOLD 100
COCOA Close + or Business	CUCAD	416, 422, 420; May 420, 424, 419-418; Aug 437, 440, 435; Oct 438, 442, 437;	Nov :
Dec. 1434-55 :+15,0 1455-10	SUGAR	Oec 441, 445, untraded; Jan 440, 448, untraded; Merch 448, 455, untraded.	Peb 3
March 1441 42 +12.0 1449-16 May 1460-62 +24.5 1464-28	£140.00 (£144.00) a tonne for Oct-Nov- Oec shipment. White Sugar £158.00	Sales: 26.	April 3
Sept	(£159.00). The market came under immediate	MEAT/FISH	Oct
Dec 1495-05 +25.5 1487-76 March 1512-90 +24.5 —	pressure at the opening and prices lost some C1.50 Irom pre-weekend levels.	GRIMSBY FISH—Supply fair, demend good. Prices at ship's side (unpro- cessed) per stone: Shall cod £5.50-	Feb 3
Salea: 2,935 (1,398) lots of 10 tonnes. ICCO—Indicator prices (U.S. cents per pound). Oarly once for Oct 51:	Later New York was week and lurther losses of some £1.50 were recorded.	£7.50; codlings £4.00-£5.00; Medium Haddock £4.00-£4.90, amell £3.30-£4.00;	HEATING CONTES
94.58 (93.32); five-day averago for Nov 1: 93.43 (93.33).	No.4 Yest day's Previous Business Con- close close done	Medium Plaice £8.40-£7.20, Sest Smell £8.00-£5.50; Skinned Doglish (largs) £7.00, small £4.00; Lemon Sote [large]	Nov 7
COFFEE	tract	£9.00, medium £7.00; Rockfish £4.50.	Dec 8
	& per tonne	SMITHFIELD — Beef: Scotch killed sides 61.0 to 87.0; Ulster hindquerters	Feb S March S
After a slightly alteadier opening trade buying ancouraged further gains in thin	Dec 150.00 50.25 164.00 54.56 164.05 50.06 Mar 156.00 162.25 62.49 162.25 67.50	82.0 to 95.0, forequerters 58.0 to 62.0; Erre hindeas-ture 93.5 to 97.5, fore-	April 7
dealings reports Diesal Cumham	May 164.25-65.50 167.25-67.50 167.25-63.00	querters 58.0 to 61.5. Veal: Outch hinds	May 7

Dec 150, IR 50, 25 154, IR 50, 00 Mar 150, IR 50, 25 154, IR 50, 00 May 164, 25, 48, 20, 167, 25, 47, 50 167, 25, 55, 00 Sales: 2.197 (2.049) Jots of 150 tonces.
Tate and Lyle delivery price lor
(252.29) a tonce for apport.
International Super Agreement U.S.
zents per pound lob and stowed
Caribbean ports.) Prices for Oct 22:
Oally price 8.78 (8.71): 15-day everage
9.53 (9.74).

COTTON

LIVERPOOL — Spot and shipment sales amounted to 374 tonnes. Orders were more extensive and business remeined brisk, as constments dealt with the weekend demand. Useful contracts were a reniged on Middle Eastern account, while African qualities were also sought on a broader scele. 5ales: 3.520 (4.343) fors of 5 tonnes. 1CO indicator prices (11.5. cents per pound) for Ott 28: Comp delly 1978 134.20 (134.72); 15-day overage 136.22 (136.25).

BARLEY

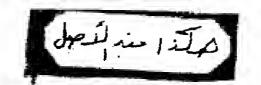
CRAINS

LONDON GRAINS—Wheet U.S. Derk Northern Opring No. 7 14 per Sent Nov 137. Dec 137.30. Jan 139.75 transhipment East Coast saliera. English Foed fob Nov 124.50 East Coast sellers. Maize: French 1st hall Nov 148. 2nd hall Nov 148. So East Coast sellers. Barley: English Feed fob Nov 119.25 paid East Coast. Scottish Nov 120. Oac 121.50 sellers East Coast Scottish. Rest unquoted.

HOCA — Locational ex-ferm spot pnces. Feed Whast Eastern 119.10. E. Muds 119.90. N. East 121.80. Scotland. 120.80. Feed Seriey: Eastern 117.30. E. Mids 119.00. N. East 117.80. The UK mentary coefficient for the week beginning Monday November 7 (brased on HGCA calculations using 4 days exchange rates) is expected to remain unchanged.

Wheat and barley my kets remained extremely quiet assing on a weaker physical merker and lack of expert Inquines closing 50p-30p down os wheat and 450-75p down on barley, reporty Molipace.

TEA AUCTIONS LONDON TEA AUCTION -- 22875 pockages were on offer in this week's pockages were on offer in this week's sale. Demand was very strong and strive plainer descriptions advanced 59-10p whilst brighter. Forts gained 10p-20p. Questalone: Quality 214p a kg (197p), medium 196p a kg (183p), low medium 196p a kg (162p).



CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound gain ground

Friday's U.S. M1 money supply figures had less impact than might have been expected on the dollar yesterday. The market tended to concentrate on the better than expected trade done the same day, feeling that the gueourage of SL4915 against the from FFr 11.9350; SwFr 3.2025 ing fall of \$2.49n in M1 merely balanced the similarly lerge rise this previous week, and was unlikely to have any significant impact of the Federal Reserve's monetary policy. Although M1 is monetary policy. Although M1 is oow near the boltom of the target range financial markets do not expect the Fed to encourage lower interest rates ahead of the Treasury's November refunding package, while there is also some foar that the money supoly numbers will tend to grow towards the end of the

Sterling moved in line with the dollar, closing nuchanged against the U.S. currency, but improving against the Continentals.

tinentals.

DOLLAR — Trade-weighted index (Bank of England) 126.8 against 122.6 six months ago. The dollar has retreated from the peaks touched in Angust, amid hopes that a sustained fall was imminent, following better money supply figures and a slight easing of interest rates. A large U.S. Budget deficit is likely to restrain the fall in interest rates and the dollar, but

OTHER CURRENCIES

4.391,-4.421,

78.65-80.15
14.14-14.19¹
1.2615-1.2870
2.91¹-3.94²
186.25-187.75
226.90-227.90
2.384-2.391
21.01-17.05
11.96-11.70
348¹-350

79.65-80.15

Oct 31 U.S.

Belgium

Argentina Peso. 89.36.23.46 | 15.65.15.68 | Australia Dollar 77.6330.1,9350 | 1.0933.1,0999 | 1.227.1,239 | 918.822 | Finland Markka, 8.4642.8,4774 | 6.7910.5,6730 | 67.98.94.10 | 1.40.15.140.75 | 67.98.94.10 | 1.40.15.140.75 | 67.98.94.10 | 1.40.15.140.75 | 67.98.94.10 | 1.40.15.140.75 | 67.98.94.10 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.140.75 | 1.40.15.

THE POUND SPOT AND FORWARD

4.403-4.413

79,60-80,00

74.78-14.19 1.2640-1.2650 3.93-3.94 187.00-187.50 227.30-227.50 2.38-2.39-2

2.389-2.391 11.04-71.05 11.97-11.98 11.69-11.70 349'-350'-27.63-27.68 3.193-3.20'-

1.8380-1.8440 -1,8425-1,8435

1,4950-1.4960 0.03-0.08c dia

Sc pm-2 dis

3-13 are dis

12-7-0-4 pt dis 13-10 f per 200-445c dis 230-280c dis 24-19 tire dis 23-23-c dis 23-33-c dis 23-33-c dis 23-35-c dis 23-35-c dis 23-35-c dis 23-35-c dis

STERLING — Trading range against the dollar in 1983 is 1.6235 to 1.4549. September average 1.4991. Trade-weighted against the dollar in 1983 is 2.7315 to 2.2320. September average 2.6883. Trade weighted index 83.7 against 83.7 at noon, 83.6 at the opening, 83.5 at the opening, 83.5 at the opening 84.2 six months previous close, and 84.2 six ago. The D-mark has improved after failing to its lowest level tended to move with the dollar recently, although a declina against Continental currencies is sprobably welcomed. It has also attention has switched towards

against Continental currencies is supply figures have improved, probably welcomed. It has also reacted to Middle East tension, and its effect on oil supplies, which is causing some concern

EMS EUROPEAN CURRENCY UNIT RATES Belgian Franc ...
Denish Krons ...
German D-Mark
Franch Franc ...
Butch Guider ...
Irish Punt 44,9008 2,14104 2,24184 6,87456 2,52595 0,72589 1403,49 45.9285 8,14796 2,25684 6,87549 2,58245 0,726480 1372-10 +1.77 -0.43 +0.24 -0.51 -0.26 -0.41 +2.24 Changes are for ECU, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

97.50.27.80 80.40.91.20 14.10.14.24 11.91.12.03 3.91.9.95 2570.2405 347.962 4.3814.4.424 10.96.11.08 190.918 2991.23814 11.62.11.72 3.18.3.21 1.483.21.501 1.94.213

-0.44 0.18-0.21dis -0.45

-0.33 0.03-0.13dis

3.06 31-31 pm

0.45 par-10 dia

-0.74 41-61 dis

-2.23 0.92-1,4946c -3.81 37-3 pm -26,67 690-1300d --11,46 729-805dis --7.53 467-47-36s. -4.48 11-7/2 dis -3.01 9-71 dis -1.08 10-11/2 dis -2.91 2.60-2.40 pm 5.62 47-37 pm

Sterling U.S. S Canadians...

the opening level of DM 26295 however, reflecting some liquidation of positions after the weekand. Elsewhere sterling rose to DM 3.927 from DM 3.9100 while the Swis franc eased to DM 1.2294 from DM 1.2313.

1.2294 from DM 1.2313.

FTALIAN LIRA — Trading range against the dollar in 1983 is 1.618.75 to 1,343. September average 1.601.15. Trade weighted index 49.6 against 62.0 six months ago. The lira has fallen to record lows against the dollar this summer and has recently shown a weaker tendency within the EMS, based on an end to seasonal lira demand and a stronger D-mark.

Dmark.

The lira showed marginal falls against most currencies at yesterday's fixing in Milan. The dollar rose to L1,587.2 from L1,592.7 and sterling was higher at L2,387.4 from L2,380. Within the life is the Dwark asset to EMS the D-mark essed to L608.3 from L608.37 while the French franc improved to L199.73 from L199.89.

CURRENCY RATES CURRENCY MOVEMENTS

(base sverage 1975=100).

Bank of Mergen England Guarant Index Changes 19,5713 65,5975 10,0393 9,76209 3,12329 Austrian schilling.
Beiglan Irano
Danish kroner
Deutsche mark
Guilder
French franc Morgan Gueranty changes: everage 1980-1982=700. Bank of England Index

THE DOLLAR SPOT AND FORWARD

C\$/SOR rate for October 28: 1,30731

et 31	Day's	Clear	One month	% p.e.	months	P. 8.
Ct	1,4915-1,4965	1,4950-1,4860	0.03-0.08c dis	0.44	0.16-0.21di	-0.49
landt	1.1835-1.1845	1.1836-1.1846	0.33-0.24c pm		0.88-0.76 p	
nada	1.2320-1.2327	1.2322-1.2327	0.05-0.03c pm		0.12-0.09 p	
thlod.	2.9480-2.9510	3.9480-2.9475	0.96-0.80c per		2.65-2.55 p	
lgium	53.39-53.50	63,47-53.49	€-3c pm		4-1 pm	0.19
	9.4720-9.4985	3.AT75-9.4875	Lore pm & dis		1.40-1.90 d	
nmark Ger.	2.6240-2.6340	2.6295-2.8305	0.89-0.84of pm		2.53-2.48 p	
	125.05-125.45	125.06-125.36	130-290c dia		450-850dis	
เทองไ	152.02-152.33	152.02-152.07	150-175c dia		470-540die	-13.28
ain					31-32 dis	-7.P
ly	1,596 - 1,598	1,598-1,698-	31-70 fire dis			
MET	7,3790-7,3900	7.3800-7.3900	2.30-2.60ore dis		6.80-8.904	
unco	7,9950-8.0225	8.0075-8.0125	1,60-1.80c dis		5.50-6.00d	
reden	7.8140-7,8300	7.8200-7.8300	1.50-1.70c dis		4.30-4.504	
2427	233.40-234,30	233-95-234.05	0.87-0.62y pm	3.37	1.974.92 p	m 3,31
SETTA	18.47-18.51%	18.50%-18.51%	6.10-5.50gra pm	3.76	16-14 pm	3.24
vitt.	3, 1350-2,1440	2,7405-2,1415	1.08-1.03c pm	5.91	2.93-2.8E p	m 6.40
	s basient bee				premiums :	
dies	name manks on	the IIS doll	er ood not to th			
- CHECK	dates abbit to	File 0'0' 00'E	trancs. Financ		E	

EXCHANGE CROSS RATES

OoL 31	Found String	U.S. Doffar	! Duetschem's	k JapaneseYen	FrenchFranc	Swiss Franc	Dutch Galld	Italian Line	Canada Dollar	Belgian Franc
Pound Starling U.S. Dollar	0,669	1.495	9,935 2,631	850.0 -834.0	. 11.98 8.007	3.20& 2.141	4.410 2.949	9390, 1598,	1,643 1,238	79,95 53,46
Doutschemark Japanese Yen 1,000	n.254 2,857	0.380 4,275	11,24	88.95 1000	3.048 34.81	0.814 9.150	1,121 12,50	607 4 e829,	0,468 5,26e	20.30 228.4
French Franc 10 Swiss Franc	0,835 0,312	1,249	3,28e 1,229	992,Z 109,3	10. 8,739	9.674	3,683 1,377	1998. 746,3	1,639 0,575	56.76 24,96
Dutch Guilder Italian Lira 1,000	0,287	0.399 n.629	0.892 1,649	79,37 146,4	9.716 5.010	0.726 1.840	1.849	542.0 1000.	0.419 0.771	18.19 88.45
Canadian Dollar Belgian Franc 100	0.543 1,251	0.811 1.871	2.135 4.022	189.9 437.5	6,498 14,98	1.739 4,006	2,898 5,519	1297. 2989.	2,305	43,38 100.

MONEY MARKETS *

London rates steady

UK clearing bank base leading rate 9 per cent (since October 4 and 5) Interest rates were little changed on the London money market yesterday, with three-month sterling interbank remaining at 9 % per cent—91 per

remaining at 9 % per cent—91 per ceot.

A flat day was forecast by the Bank of England, but later revised to a shortage of £50m. Bills maturing in official hands; repayment of late assistance; and a take-np of Treasury bills from Friday's bill tender drained £453m, but this was roughly balanced by Exchequer transactions adding £229m to liquidity, and a fall in the note circulation after the weekend of £259m.

Total help provided during the day was £106m. Before lunch the authorities bought £49m bills by way of £7m bank bills in band 2 (15-33 days) at 9 per cent; £6m bank bills in band 3 (34-63 days) at 8½ per cent; and £36m bank bills in band 4 (64-91 days) at 8½ per cent.

when the Bank of England gave ment supplied by the anthorimaturing last week, and was late help of £20m.

In Frankfurt call money rose to 5.55 per cent from 5.50 per (cent as the result of a tight expiring pact, but the market borrowing DM 4.5bn over the finish to the mouth despite the new securities repurchase agree to DM 4bn in currency swaps DM 3.6bn last Thursday.

LONDON MONEY RATES

Oct. 31 1983	Sterling Dertificate of deposit	Interbank		Local Authorization	House		Discount Market Deposits	Treasury Bills P	Eligibie Bank Blits &	Trade Sills o
Overnight	=	879-972	9-91 ₀	=	= .	9-914	812-9		11	=
7 days or) —	94.94	916	{ <u> </u>	_ `	94.942	-	=	=	=
One month	914-914	34.9% 34.94	978	954-919	914 914	91 ₂ 956	9	813-9.5 8-F	82	9.5
Three months.	914 916	934-932	9 (8 83	95g 9tg	93g	954	9	976	97.86	99
Mine months	94 94	94.97	958 93 ₄	10-954 978-958	82	l = :	! =	! = !	=	=
Two years			2012		_'	} —	-	· — 1	-	_

ECGO Fixed Rais Export Scheme IV. Average Rate forInterest period September 7 to October 4 1983 (inclusive)

the authorities bought £49m bills in band 2 (15-33 days) at 9 per cent; £5m bank bills in band 3 (34-63 days) at 9 per cent; £5m bank bills in band 3 (34-63 days) at 9 per cent; and £36m bank bills in band 4 (64-91 days) at 8½ per cent; and £36m bank bills in band 4 (64-91 days) at 8½ per cent.

In the afternoon the Bank of England purchased another £37m hill through £1m bank bills in band 3 at 8½ per cent; and £36m bank bills in band 3 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in band 2 at 8½ per cent; and £36m bank bills in bank bills bills in bank bills in bank bills in bank bills in bank bills in

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

•						
Oct. 81	Shert	7 days	Month	Three Months	Six Months	One Year
Starting	9 1. 9 2 91. 9 9 51. 5 0 1 1 14 512 5 6 2 1 72 12 12	9 1 9 2 9 4 9 2 9 4 9 2 8 12 9 6 3 5 12 1 7 2 16 5 12 5 14 1 11 2 12 13 1 15 12 16 17	9-1-9-4 9-1-9-5 9-1-9-5 5-1-5-5 5-1-5-5 117-1219 16-4-16-1	914-914 918-914 918-914 612-614 514-614 514-614 18-3-12-14 16-14-17-14	932.912 954.974 942.94 643.64 643.45 612.572 1331.14 1752.1918	911-911 911-1011 958-976 612-658 414-436 918-64 1456-1478 1818-1814
Belg. Franc Conv Fin,	8-81: 9-81: 6:29:4 11:11:7 9:4-9:2	912.9 912.814 912.94 812.9	812-9 614-9 614-614 10:11	914 914 934 938 5: 5: 11-111 ₉ 93-9:	91g-10 94-10 6A-6-2 11-11-2 978-978	10-1012 10-1014 612-558 1019-11 915-1015

FT LONDON INTERBANK FIXING

and the Artist of the Artist o

(1t.00 a.m. OCTOBER 61)								
5 month U	.S. dollere	e month U.S. deliars						
brd 9 5/8	offer 93 c	Oid 9 11-16	offer 9 15/16					
<u>· </u>								

The fixing rates are the arthopsic means, rounded to the nearest one-sine-opth, of the bid sed offered rates for \$10m queted by the market to five reference beats et it am each working day. The beats are National Westminster Back, Bank of Tokya, Doutsche Sank, Banque Nationals de Paris and Morgan Back, Tarest Tokya, Doutsche Sank, Banque Nationals de Paris and Morgan

MONEY RATES NEW YORK GERMANY

FRANCE Intervention

LAPAN Oiscount rate 5 Call (uncenditional) 9.15625 Bill discount (3-menth) 9.34376 **SWITZERLAND**

 Oiscount rets
 4

 Overnight rats
 11-24

 Inc menth
 31-31

 Three menths
 41-41

NETHERLANDS 51-51 51-51 51-51 S CERTIFICATES OF DEPOSIT LONG TERM EURO \$ 107-117 117-117

SOR LINKED DEPOSITS ECU LINKED DEPOSITS

Eurodollars stable

FINANCIAL FUTURES

Euro-dollar prices showed by a stronger lone to cash very little change from Friday's markets. Sentiment was imlevels in the London Inter- proved by further forecast of national Financial Futures outlook and hopes of a steady Exchange yesterday. The market inflation rate. There was also appeared to lack any clear speculation of lower mortage appeared to lack any clear direction despite a better than expected fall in U.S. Mi money supply on Fridsy. There was little incentive from cash markets with the Federal authorities. rities displaying little indication of a change in monetary policy. There was also little inceotive to trade ahead of today's refunding package and its possible postponement in view of the Senate's delay io raising the debt

The December Euro-dollar price opened at 90.35, unchanged from Friday's close and traded between a high of 90.37 and a low of 90.31 before finishing unchanged at 90.35.

Gilt prices were firmer, beloed

LONDON THREE-MONTH E

Narch 59.96 89.96 89.95 89.96 89.95 89.96 89.96 89.96 89.96 89.96 89.96 89.96 89.96 89.96 89.96 89.97 89.96 89.97	Dec Marci June Sept Dec Marci
THREE-MONTH STERLING DEPOSIT E250,000 points of 100%	June Sept Dec
Cloud High Low Prev	U.S. \$1m
20-YEAR 12% NATIONAL GILT 250,000 32nds of 100%	Marci June Sept
Cione High Low Prev	Dec Marc June Sept CERT Sim Dec Marci
Dec 1.4951 1.4950 1.4940 1.4950 March 1.4968 — 1.4968 June 1.4988 — 1.4988 Volums 17 (189) Previous day's open int. 1.478 (1,452)	June Sapt Das Marci Sept
	March \$9.96 89.86 89.93 89.96 84.53 89.88 89.85 89.83 89.88 89.83 89.88 89.83 89.88 89.83 89.88 89.83 89.88 89.83 89.88 89.83 89.88 89.83 89.88 89.83 89.88 89.83 89.88 89.89 89.89 89.41

0.3817 JAPANESE YEN Cione High Low 0.4293 0.4293 0.4293 0.4328 0.4329 0.4329 0.4363 0.4316 0.4352 0.4387 June 0.6363 — 0.4367 Volume 4 (5) Previous day's open int. 165 (158) Sept

rates this year. Talk of half point cut in clearing bank base rates may have been viewed overall as a shade premature but served to underline market senti-ment that in the light of current information the cext move in interest rates was likely to he The December price opened at

107-19 up from 107-16 and touched a high of 108-06 hefore fluishing at 108-04. Short sterling orices finished at their best levels of the year, helped by slightly lower cash rates. The December price opened at 90.78 down from 90.79 but improved during the day to close at a best level of 90.82.

CHICAGO

URODOLLAR 0%	U.S. TI	REASURY	BONDS of 100%	(CBT)	8%
High Low Prev			0. 100 1,		
90.37 80.31 90.35		Latest	High	Low	Prev
89.96 89.93 89.96	Dec	71-01	71-05	70-25	
89.66 89.63 89.68	March	70-15	70-18	70-06	70-30
89.40 89.39 89.41	June	69-31	70-02		70-12
89.15	Sept	69-17	89-19	69-24	69-28
295)	Dec	69-06		69-14	68-14
pen int. 7,835 (7,714)	March		89-07	89-03	69-02
	June	68-28	68-29	68-24	68-24
TERLING DEPOSIT		68-19	68-20	68-16	68-15
of 100%	Sept	68-12	68-13	66-10	68-08
	Dec	_	_	_	_
	March	_	_	_	_
90.82 90.78 50.79		•			
90.55 90.51 90.50					
90.23 90.21 90.20	U.S. 1	REASURY	8ILLS	(IMM)	
89.26	SIE D	oints of	100%		
— B9.50					
78)		Latest	High	Low	Prev
open Int. 5,195 (5,132)	Dec	91.20	91.22	91.12	91.12
	March	90.75	90.76	90.70	90.69
ATIONAL GILT	June		90.45	90.14	90.40
100%	Sept		90.18	90.16	90.15
High Low Prev	Dec	_	89.97	89.94	89.91
108-06 107-17 107-19	Merch	_	89.73	89.71	89.70
107-15 107-12 107-01	June	89.50	55.75	89.50	
106-20	Sept	89.32	_	89.32	89.51
- 196-08	pehr	65.52	_	89.12	89.34
- 106-28					
388)	CERT.	DEPOSIT	*****		
		DEFUSII	(INWA)		
open int. 2,329 (2,205)	Sill b	eints of	100%		
an cash price of 13% %	_				
es squivalent price of	_	Latest	High	Low	Prev
tract) 04 to 12 (32nds).	Dec	90.61	90.53	90.46	90.44
O S par E	Merch	90.01	90.03	89.99	89.97
	June	89.66	89.67	89.65	89.63
High Low Trev	Sept	_	89.38	89.37	89.38
4 4066 4 4066 4 4066	-				

LING (IMM) So per E 1.4935 1,4950 1,4990 1,4990 GNMA (CBT) 9% \$100,000 32nds of 68-22 67-24 67-00 66-10 65-24 64-16 64-16 64-22 64-11 Sepi Dec March 64-16

The New Bridge... UNION BANK OF NORWAY GROUP NOW IN LONDON

Behind our new representative office in London, stands one of the leading Norwegian commercial banks, Union Bank of Norway Ltd., and a group of the largest Norwegian savings banks with total assets of more than NOK 40 billion.

By opening the London office we believe we have built an important and mutually beneficial bridge between the UK and Norway.

Union Bank of Norway Group

Representative Office Mr. Per Kr. Pedersen, Senior Representative The Old Deanery, Dean's Court London EC4V 5AA. Tel.: 01-248-0462.

BASE LENDING RATES

ABN. Bank Allied Irish Bank Amro Bank Amro Bank Henry Ansbacher Arbuthnot Latham Arbuthnot Latham Associetes Cao. Corp. Banco de Bilbao Bank Hapoalim BM Bank of Ireland Bank of Ireland Bank of Cyprus Bank of Cyprus Bank of Cyprus Bank of Cyprus Bank of Scoiland Bank Leumi (UK) plc Bank of Cyprus Bank of Scoiland Bank Bank Banque Belge Ltd Banque Belge Ltd Banque Manson Barelays Bank Bremar Holdings Bremar Holdings Bremar Holdings Brown Shlpley CL Bank Nederland Brit Bank of Mid. East Codar Holdings Charterhouse Japbet Cedar Holdings Charterhouse Japbet Clydesdale Bank Comm. Ek. of N. East Coosolidated Credits Coomm. Ek. of N. East Coosolidated Credits Cooperative Baok Dunbar & Co. Ltd		
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First Nat. Fig. Corp. 11 % 12-day denosits \$1,000 and ever \$5%. First Nat. Fig. Corp. 11 % 12-day denosits ser \$1,000 62.%. First Nat. Secs. Ltd. 101% 5 Demand denosits \$5%. Robert Fraser 10 % Managage base rate. Griodlays Bank 5 % C Money Market Cheque Account \$6.00%.	P. I. IIIbb	
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	Griodlays Bank 9 %	Money Market Chedus Accounts
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A FINANCIAL TIMES SURVEY

INDUSTRY

DECEMBER 19 1983

The Financial Times is proposing to publish a Survey on Turkish Industry in its issue of December 19 1983. The editorial coverage will include:

INTRODUCTION The overall economic and political framework within which Turkish industry operates. Attempts to open up the economy in recent years and to end bureaucratic interference in industry. The changes as Turkey moves forward from the November elections.

Editorial coverage will also include:

INPUTS

CURRENT ISSUES

ORGANISATION

KEY SECTORS

PROFILES OF KEY BUSINESSMEN AND COMPANIES, LOCAL AND FOREIGN

COPY DATE: NOVEMBER 28 1983

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The size, contents and publication dates of all Surveys are subject to change at the discretion of the Editor

INTERNATIONAL CAPITAL MARKETS

World Bank to tap 'bulldog' bond market for £100m

BY MARY ANN SIEGHART IN LONDON

THE WORLD BANK is tapping the per cent coupon at 99, giving a yield bond led by Baring Brothers. A and SBC International.

bulldog bond is a bond issued on the UK domestic market by a foreign seemed to think the deal was priced

100 basis points over the UK government stock due in 2004/2008.

This is the smallest margin over this gilt ever paid in the bulldog market and compares with the 110 basis points that Australia paid over the same stock in its £100m ispore's £70m convertible was given a super transport.

row, but on yesterday's prices it would have yielded 11.56 per cent. It is a partly-paid issue, with 30 per cent due now and the balance next market was quiet yesterday, with were finalised by the afternoon.

150m in two tranches. The first, for five years, is likely to carry a 10%

will lead the deal.
In the Eurodollar bond market, Deutsche Bank brought a deal for Asian Development Bank yesterday, a frequent borrower in the D-Mark market, but less well-known to dollar investors. The 10-year, \$100m bond carries an 11% Swiss franc secondary market class for the dealing at least secondary market class from the German secondary market closed unchanged

long end of the "bulldog" market for to maturity of 11.93 per cent, and is the first time with a 20-year £100m co-led by Credit Suisse First Boston

orrower.

The interest on the bond will be rower, it traded outside its selling

sues two weeks ago. That bond was coupon of 5% per cent at par, as inheavily oversubscribed. heavily oversubscribed. dicated, by Daiwa Securities. The Final terms will be fixed tomor-conversion price was set at SS9.25

April. Despite its tight terms, it was well-received by the market, and sub-underwriting arrangements pending U.S. Treasury auctions; it The World Bank is also about to the Senate would approve a rise in issue an Ecu bond, probably this evening. It will be for a total of Ecu in time for tonight's Treasury auc-

In Switzerland, the European Inper cent coupon and the second, for 10 years, 11 per cent. Kredietbank will lead the deal.

In the Eurodollar bond market, SBC is leading the deal.

Greek utility to raise \$290m loan package

BY PETER MONTAGNON, IN LONDON

than on a conventional Eurocredit and obviate the need for setting a management group is the total abloan interest margin over the exsence of any U.S. institutions. They

which Bank of Tokyo will be the which Bank of Tokyo will be all agent. The interest margin has been set a % per cent for the first four years rising to % per cent thereafter. Repayments start after a grace period of 4% years and the matteriate is extendable to 10 years. at the lenders' option.

GREECE'S Public Power Corporation is to raise a \$290m loan package in the Euromarkets through a group of banks led by County Bank and Orion Royal.

Terms of the package, which were finally agreed yesterday, allow the borrower to raise money in four separate currencies. This will permit a longer overall maturity than on a conventional Eurocredit

Over interbank rates for five years rising to % per cent thereafter.

The other components of the package include a Y10bn loan to be arranged by Dai-Ichi Kangyo and Sumitomo Trust and an Ecu 50m credit for which Banque Indosuez will be agent. This a margin of % per cent for four years rising to % per cent for four years rising to % per cent thereafter.

A feature of the 15-bank lead pensive U.S. prime rate.

Nearly half the package, or the lack of a prime rate margin. The group contains no fewer than eight Japanese banks.

Half of the \$140m credit is to be

• The Bank of China has sub-County Bank will be agent for a scribed to a £35m medium-term £45m sterling tranche which has loan raised by Samuel Montagu been underwritten by lead manage (Holdings) to finance fixed assets. ers for nine years, although participants may put up money for only closed but the agent is Bank of six. The margins will be % per cent Montreal.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for October 31.

U.S. BOLLINI					Siè ce		
STRAIGHTS	430	لبنة اعد			mark	Yield	1
Appex D/S Fig 1014 90	100	9474	9476	8	0	11.44	_
Bank of Toleyo 11 CO	100	35 Va		0	+01/2	11.92	-
British Cal Hyd 101/2 00	290	97%		+0%	+81/2	10.85	
District 11% 60	125		10874		-97z	11.75	
Britoil Fin 1176 90					-074	12.63	
GCCE 1144 97	100	24	34 1/2				
CC.C.E. 125% 95	75	99%			+87/8	12.87	
Care ima 8k Core 11 90	75	9244	83V2	0	-8%	12.57	
Citicara 0/S 10% 00	196	93 W	93 1/ 6	0	+6 %	11.66	
Citicary 0/S 10% 00	100	57 %	9214.	0	8	12.18	
Coca Cola let 97/s 92	100	8176		8	+672	11,32	
Cred Suitse BAH 101/2 90	1501				+0%	18.75	
Live Sense DAN 10-72 50			93%		BILL	12,40	
Den Marsk Cred 1144 85	50	2276	30 75	+84		11.28	
Do Pert 11 1/2 95	150	9974	33.4				
ECS.C 1174 00	75		1994	•	+814.		
E.D.C. 11% 67	100		1017/2		+014	.11.38	
E.D.F. 11% 83	100	9314		+672		12.79	
FFC 11 87	350	887/s	991/2	8%	8	11.35	
E) B 1694 93	200	32%	83Va	-014	٧.	12.02	
\$1 = 11 01	. 125	. 95 1/2		-81/2	+81/2	.11.27	
ELC 11 87 E.B. 1694 83 E.L. 11 91 ELB 1124 93	. 140	551/4		Õ	484	12.10	
ELE 1148 83	150	51-4		+81/4			٠.
Section 10½ 00 Enserch Fin 11% 93	50			0	•	12.24	
Enserth Ro 1146 93	100	9514		-844	i .	12.22	
Fup let Fin 107/s 90	1001		94%				
Gen Elec Credit 974 91	100	8174			-814	11.34	
6MAC 0/5 Fm 101/2 90	290	3714	5744	0	+0%	11.05	
GMAC 0/S Fin 11% 90	100	3574	9974	+8%	+0%	11.58	
Honeywelf Int 10% 00	100	57%	987/6	+014	+036	11.14	
leutest Bk Japan 10% 88	100	97½	96	+81/2	+ (1742	11.58	
Japan Air Lines 10% 88	42	52%	8376		+05/4	11.87	
Japan Mr Lines 10 78 00	15	354	2674		+81/2	11.11	
Japan Air Lines 11 93,			190%	. 024	+0%	11.81	
J.C. Pacey 11% 00	100	180			-9%	11,77	-
J. P. Morgan 11% 00 WW	150	97%				11,58	
Levi Strauss Int 11 00	15	97	97 %		+81/8		
LT.C.B. 1074-99	100	94	\$4Vz		+843	12.03	
LT.CB. 1242 90	85		183Va		+81/4		
Merrill Lynch 10% 90	290	947/4		+81/2	-81/2	.11,73	
Mitschishi Cocy 161/2 00	190	\$4 Vz	94%	-14	-EVL	11.75	. '
Mitsabishi Fio 11% 90	100	95 V2	97	+014	+81/2	12.86	
	100	9476	35%	0	+844	12.09	
Nipper Credit 11 00		90V2	81	-844	-U/a	11.91	
O.K.B. 10 91 Cotacio Hydro 10 90	100		-	+845	0	11.46	
Ontacio Hydro 1074 90	250	9474	5474				
Ontario Byelco 11% 00		1061/2	191		+814		. ·
Pacific Gas & Elec 12 91	- 75		1021/2	+67/2		11.55	
Prudentiel 0/S 10% 93	100		36%	+81/2		11.20	
Productiel 0/S 12% 87	150	184%	185%	+8%	+8***	11.18	
Sackstchowen Pr 10% 00	125	8714	97%	+8%	+1	11.2 9	
Sears D/S Fin 115/s 83	150	SEVZ	95	+111/4	+8%	11.84	
S.R.C.F. 111/2 93	100	97W	1734	+81/2		11.83	
04 Cd 55-4 1014 90	15	97	871/2		+67:	11.06	
Sth Cel Edipes 101/2 90	.15						
Sunitomo Fio 10% 90	100	54 1/2	00	Ŏ	+01/2	12.04	
Texaco Capital 9% 90	150	53	\$31/2		0	11.27	
8.8.S. 10 98	108	581/2	99	_gvs	•	19.33	
8.8.S. 11 89	150 .	161	1011/2	-0%		18.70	
8.8.S. 10 98 8.8.S. 11 89 World Bunk 103/s 88	150	97	97Vz	+878	+8%	11.10	
World Reck 11 Vs. 98	100 .	003/-	9974	+81/2		11.33	
West 0-4 1114 00	150		931/4	+576	+ffUe	11.72	
World Back 11 1/4 88	200	1001	1004	1	+07/2	11.02	
World Bank 12 93	200	-0075	10075		-975	1,446	
As. price chang	49x 16	any D, E	n wak	+72			

World Back 11 1/4 88	100	. 293/2	9974		-81/2	
World Back 111/2 00	150	98%	991/s	+578	+BVs	11.72
World Bank 12 93		196V	188%		+0.4	11.82
As. price char	DEST M	der A.	on west	+1/2		
		,				
DEUTSCHE MARK				Chan	QE RO	
STRAIGHTS	100	No.	Offer		week	Yesta
Air Canada 7% S3	198	1801/2	18114	+014	-84	7.24
ANAS. 84 88	108	95V2	180	8	+81/2	3.30
Arab Backing Corp 0 98	100	971/4	5774		+81/2	8.64
Austria, Rep 75/s 89	108	295/2	106Va		+81/s.	7.54
Austria, Res O 93	100		10174	+81/2	+81/4	7.76
Awan tot Fee 71/2 53	100	100%	181%		+8%	7.36
Beatrice Foods 7-4 93	130		1841/2	+21/4	+01/2	7.10
BF.C.E. 81/2 90	. 158.	100%	18356	-81/8	-81/4	7.53
Comp Tel Mac Esp 8% 93	108		8774		-81/2	2.71
Dresditer Finance 4 90 WW	250	1987/2	10856	+814	+144	2.51
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EC.S.C. 6 90	100	101 1/2	1015	O	-0Vs	7.72
E.E.C. 9¼ 93	250	1811/2	182	+0144	. 2	7.97
ELB. 9 93	200		1007	B	+87/8	.0.81
Eurofean 71/2 90	100	1021/4	10276	+874	+2	7.81
Ficiand Rep 71/2 98	150	39%		8	+01/4	7.62
lot Standard Ele 744 93	100	102	1021/2	+01/4	+634	7.41
Indiand 8% 91	150		10174	B	+81/2	8.44
Japan Dev Bank 11/2 90	100		10114	+84		7.29
Kobe City 7 83	120		87-14	+874		7.38
LT.C.O. 9 90	100		18234	0	-014	7.50
Renault Acceptance 6 90	150		38%	+81/2		8.31
S.D.R. France 7% 93	100	97V4			+81/4	3.25
Sak African Tran 844 90	100	35Vr		-87%		8.36
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Bernark 89/a.91	100	1014	102		-844	8.86
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Europeini 6 Vs 93	100	22	3814	-8V2	-674	5.38
Ex-len Bk Japan 55/s 91	100	391/2	9514	+0%	-844	5.68
and Fund Finland & Ve 91	. 40	100	108%	-074	-174	6.22
Int-Aco Dec Bk 6 93	100	.57	5714	-BV4	-1	6.48
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Modest Lsa Firmer 6 93	100	101%	101%	-670	-81/2	5.79
NTG 84 Domark 614 91	88	96	82 V4	O	-1	6.90
New Branswick 51/4 93	100	181%	1011/2	+814	+844	5.57
Nisshin Steel 874 97	180	. 35%	100	1	-81/4	5.26
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Suraitomo Metal Ind 6 61	100	100%	1881/2	+844	-81/2	5.93
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Notice is hereby given that pursuant to the provisions of the Loan Terms the sixth redemption schadule for January 1, 1984 will be effected by withdrawing Bonds out of the Redemption Fund and by repayment of the Group No. 2 drawn by lot on October 19, 1983 comprising all Bonds still in circulation of DM 1,000 each in the numerical order from 010.001-020.000 inclusive.

The Bonds specified above will be redeemed on January 1, 1984 at their grincipal amount plus accrued interest (on the said

principal amount) to such date at the offices of the banks Frankfurt am Main

in November 1983

named on the Bonds. On and after such date, interest on said Bonds will cease to accrue. The Bonds due for repayment

must be surrendered together with all unmatured interest coupons. If unmatured interest coupons are not surrendered at the time when the Bonds are presented for payment, the principal amount of the redeemed Bonds will be reduced by the amount of the interest coupons not surrendered. All Bonds drawn for redemption on January 1, 1979 and 1980 (series 9 and 4) have not been presented for payment.

Dresdner Bank Aktiengesellschaft

This amouncement appears as a matter of record only.

October, 1983

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FINANCIAL TIMES SURVEY

Corporate Finance

THIS HAS been the year when the equity new issue has finally made a strong comeback as a means of financing commerce and industry. Scores of new companies have been floated, either on the main London equity market or on its junior counterpart the Unlisted Securities Market, which is about to celebrate its third birthday with about 200 com-

one symptom is that the number of listings nn the London Stock Exchange is swelling bealthily again after a protracted period of shrink-age since the last new flotations boom ended roughly

a decade ago.

The character of many of these newcomers clearly reflects the dramatic change in This turnsoun the nature of the economy that has been taking place. Tradi-tional companies in the mature industries are scarcely to be seen. Instead there is a heavy representation of high technology—both in manufacturing and in services like software— together with financial opera-tions and a sprinkling of leisure-orientated companies leisure-orientated companies ranging from Miss World to

They are being attracted to the stock market because investors are now willing to pay high prices for small companies harp contrast to the 1970s when small companies were largely neglected and the increasingly powerful investment interior.

However, a large number of companies have exploited the opportunity offered by a budyant stock market to raise because hig companies, by new money from shareholders and large, cannot afford to pay and it, has been a very busy for small ones, the bull market pear for rights issues.

Overall, 1983 is likely to be the best year for growth in UK companies have exploited the budyant stock market to raise opportunity. Offered by a budyant stock market to raise opportunity. Offered the budyant stock market to raise opportunity. Offered to opportunity. neglected and the increasingly takeover activity characteristic powerful investment institutof rising markets in the past. tions concentrated their buying muscle on a dwindling number of large groups, which often spread out their tentacles to become conglomerate.

The buoyancy of the equities market has been the dominant feature of corporate finance this year. It has also proved a boon to the Government in its privatisation programme for state shareholdings

Spate of new issues...

BY BARRY RILEY

best year for growth in UK com-pany profits since 1979—and ex-cluding oils, since 1976. Accord-

ing to figures compiled by stock-

brokers Phillips and Drew, the pleture has changed sharply since 1982, when total pre-tax

profits actually fell by 2 per cent—a rise of a tenth in indus-

trial profits being offset by sharp falls in the nil and fin-

This year, however, industrial profits are rising at the rate of

about 20 per cent in response to

economy and oils and financials should both achieve a similar

result this time. Next year may bring a slowdown but P and D

ancial sectors.

the improvement

This turnround in the relative valuations of big and small companies has transformed the financing mentality of many large groups. Spinning off subsidiaries that would attract a sidames that would attract a high stock market rating has become a relatively common phenomenon—with Reed International proposing to float Mirror Group Newspapers, for example, and Eagle Star preparing to hive off a high technology business owned by its industrial subsidiary Grovewood which have increasingly been able to forecast substantially higher profits and dividends.
Companies like John Waddington and UBM have recently
fought nff bidders successfully. However, a large number of

But there are one nr two big bids around, such as Allianz's offer for Eagle Star, and poten-tially a bid by Trafalgar House for P & O.

areal, of Thomas Thing bigs in 1982, when there were still a number of cheap victims postill a number of che some of their operations, while by the Department of Trade are still projecting 15 per cent many more, including Dunlop, and Industry, takeovers by in growth in industrial profits for Turner and Newall and Rank Organisation, are only panies were worth only half as Not surprisingly, this has

troubled shadows of their much in the first six months of positive implications for divi-former selves. this year as in the correspond dends, which have actually been dends, which have actually been falling in inflation - adjusted ing period of 1982.
With trading conditions terms since they soared in 1979 when dividend controls were improving sharply in most sectors of the economy, few companies have been willing to chase up the prices of victims relaxed. In 1983 as a whole dividend growth could be about 10 per cent, against inflation which should be little more than

half that.
Companies can finance these higher dividends with relative comfort, Liquidity has been improving and the net borrowing requirement of the industrial and commercial company sector should drop back significantly this year from the compara-tively bigh 1982 level of £8.2bn. In the first half of 1983 company net borrowing was only £0.9bn.
In a relatively buoyant pic-

ture for corporate finance in 1983, however, there has been rates have not fallen as much as might have been expected from the decline in the pace of Admittedly short-term financing advantage.

EXTERNAL BORROWING (By UK industrial and commercial companies in £m) Other Issues of Joans and ordinary Bank credit borrowing mortgages

2,939 4,772 6,795 4,445 2,549 5,492 8,401 662 10,620 Source; CSO Phoencial Statistics.

interest rates have come down slowly during the year but real slowly during the year but real interest rates remain historically rather high. Perhaps more important, long-term rates on Government bonds have refused to budge much from a level of 11 per cent nr so. The corresponding borrowing rate for companies would be 12 or 13 per cent—implying a real interest rate of 6 nr 7 per cent on the basis of the immediate outlook for inflation.

In the circumstances the long-

In the circumstances the long-hoped-for revival of the UK corporate bond market has been only fitful and has failed to make a serious impact on the financing needs of the corporate sector as a whole.

In general, borrowers have been large companies with a spread of borrowings which can absorb the risk of a longdated bond issue carrying a high coupon, like the 111 per cent recently paid on £75m of 26-year debenture stock by Allied-Lyons.

But if the cost of borrowing remains a problem for the big traditional companies, the strength of the equity market has spelt opportunity for a great many small entrepreneurial husinesses.

The economic role of an active equity market has become clear, with the channelling of risk capital into new growth sectors. Most of the complaints of the late 1970s about the shortage of loan capital in Britain compared to the Continent or Japan have died down. In comparison to their counterparts in countries like Germany or France, small growth companies in the UK now appear to hold a distinct

The throng on the Stock Exchange floor on the first day's dealings in the privatised Cable and Wireless.

CONTENTS Corporate bonds Clearings banks Profile: Roy Dantzic IV Corporate treasurers Merchant banks Rescue schemes Taxation Profile: Aniony Hitchens Venture capital Institutional shareholders

Profile: Michael Garner

satisfactorily have pursued its

policy of privatising state-owned

Wireless Amersbam and ABP the Government encountered

the new issue market's most voracious speculator, the stag.

In the case of Associated British Ports in February, over £2bn

chased a 522m issue, and at the close of first day's dealings in

ABP shares, sbort-term specula-tors were showing a 23 per cent

capital appreciation—at the

But this was as nothing to

offered later that month in the discount retailers Superdrug Stores. The f15.4m target attracted f14bn in a ninety-five-

fold nversubscriptinn. The shares had been infered (by

no means given away) at 175p each and hit £3 in first-day

Government's expense.

dealings.

In the flotation of Cable and

as tide runs strongly in equities market

Equities DOMINIC LAWSON

WHILE economists dispute the extent of the UK industrial recovery, about one thing there can be nn argument, the UK equity market bas been booming and has east aside economic

Brezhnev's death was announ-ced, the FT Industrial Ordinary Index reached 600 it was the end of a 14-year struggle through the 500s. Yet it took only another seven months, to the end of May 1983, for the index to hit 700. By the third week in August it peaked at 400 4 and only recently has the 740.4 and only recently bas the spiral in share prices shown signs of flagging.

The constant setting of records in both share prices and volume of business has natur-ally enough opened the way for companies to rush to the stock market for funds. Some, such as GKN with an £80m rights issue in mid-April, have been

able to patch up a balance sheet in a bear phase over the past disfigured by years of recession. three years, it is bard to see More often, companies bave how the Government could raised money for acquisitive purposes. Still others seem to bave called rights issues in order simply to put something away for the stock market equivalent of a rainy day, when conditions for cash raising are

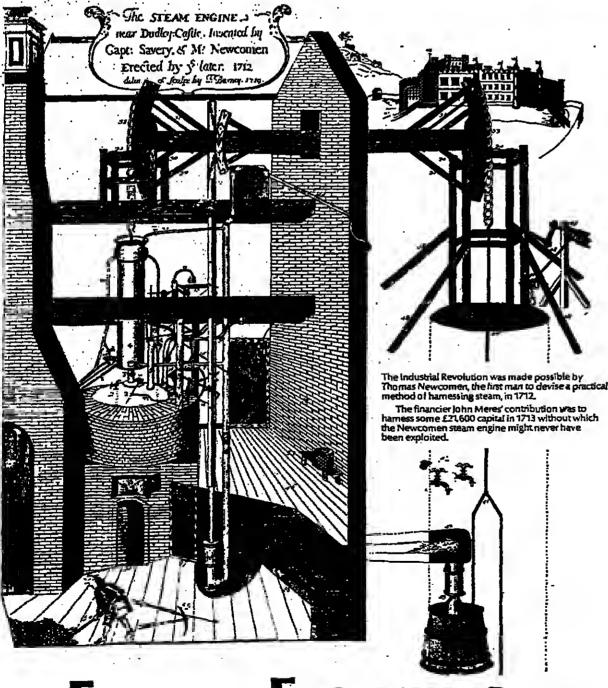
less opportune. According to the Samuel Montagu new issue statistics, almost 53.9bn in new money has been raised by over 300 companies in primary issues during the first nine months of this year. This does not include the Government's £565.5m sale of 130m shares in British Per-roleum, a secondary issue. At the same stage last year only £2.8bn had been raised by less

Ideal circumstances

As the success of the BP issue bears out, the buoyant condi-tions in the equity market have provided ideal circumstances for the Government to float such companies as Cable and Wireless, Amersham International and Associated British

CONTINUED ON NEXT PAGE

Since then issuing houses have sought to avaid the stagging and other speculative excesses and the tender method of offering shares has become
Had the equity market been the fashion in the floating of



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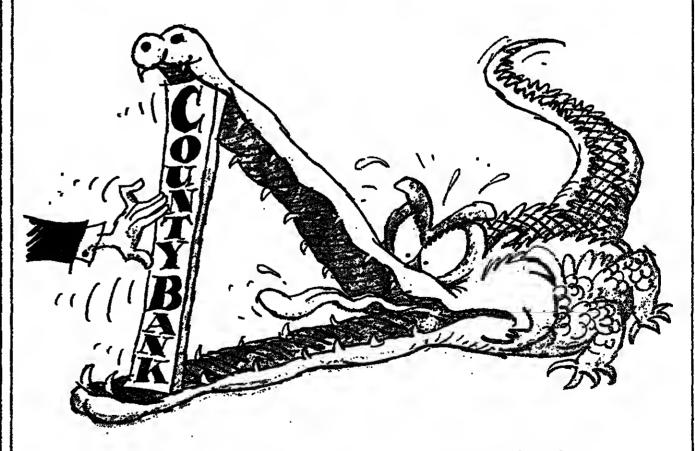
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CORPORATE FINANCE II

Activity fades after brief but promising spell

Corporate bonds

JOHN MAKINSON

THE CORPORATE bond market had been dormant for a decade when it was revived by BOC, the industrial gases group, in September last year. Amid great fanfare BOC raised £100m of

so dampen the growth in the money supply aggregates. In order to provide encouragement the authorities issued no conventional gilt-edged stock carry-ing very long maturities, so leaving the way clear for the corporate borrowers.

Sympathetic

The Bank of England also gave a very sympathetic hearing to any potential candidates, discussing in detail the mechanics of any issue and showing considerable flexibility about timing. It agreed to offer the state of the state issuers a number of possible launch dates so as to help the

Yet even the conspicuous enthusiasm of the authorities would not have tempted corporate finance directors to pursue the idea unless market conditions had been attractive. extremely strong throughout the first ten months of last year, substantially reducing the yield on which a corporate borrower could raise long-term fixed-interest money.

During the 1970s virtually the only borrowers in the domestic bond market, aside from the Government, had been the clearing banks, which had a need for long-term subordi-

nated debt in order to sustain their capital base. Other companies, however, were reluctant to raise fixed-rate money when interest rates seemed to many above their likely long-term average and when their volatility threatened to leave the finance director with egg on his face in double-guick time.

By the middle of last year the picture had begun to change. The Government's success in containing inflation beld out some hope of a more stable pattern to both the cost September last year. Amid great fanfare BOC raised £100m of 12½ per cent bonds carrying a maturity of up to 35 years.

The issue set the pattern for, if not a flood, at least a steady stream of corporate bonds.

The market's resuscitation had both a political and financial motivation. For its part the Government was anxious to see industrial companies raising term debt on the bond markets since this would enable them to repay bank borrowings and so dampen the growth in the money supply aggregates. In

BOC was a natural candidate to re-open the market. It had established a reputation for being innovative in its approach to funding, was saddled with a heavy debt burden, sported heavy debt burden, sported assets with lives long enough to match the maturity of its bonds major capital investment pro-gramme in the U.S.

Mr Richard Wakeling, BOC's group treasurer, says the com-pany took the opportunity to long-term money on able terms in order to refinancial structure and our

interest changes."
The corporate bond market The corporate band market has taken a leaf out of the book of the building band market by pricing issues on a yield basis. This means that the price at which stock is sold is determined by the yield on a selection of gilt-edged securities offering a comparable maturity and nominal interest rate. and nominal interest rate. Whereas it was possible to price bonds well in advance in the comparatively stable fixed-interest markets of the early 1970s, the recent volatility of interest rates has made the task of forecasting a correct price extremely hazardous. By pric-

the trick in pricing is to determine a margin over gikted yields which is acceptable to both borrower and lender. The typical differential is somewhere between 1.25 and 1.75 per cent. This margin reflects in part the greater credit risk of lending over a log security but the trend is by long period to a comporate The trick in pricing is to

also pay more, however, to com-pensate for the more restricted marketability of his own stock compared with the Govern-ment's and in particular to make up for the absence of capital gains tax concessions on private sector debt. The corporate treasurer is competing for the attention of investment institutions, which can take profits on gilt-edged securties

Deaf ears

Mr Tom Quinn of brokers W. Greenwell believes that the anomalous capital gains tax position has been a restraint on the growth of the corporate bond market. But the protesta-tions of Mr Quinn and others have so for fallen on deef cars.

the recent faltening of the market. Last November the gilt-edged market moved briskly funding cost to the corporate borrower. Since then the market has risen back to the level at which companies were raising debt capital last year but the stream of new issues is

nominal fixed-interest costs are low by recent standards they remain too high in relation to the level of actual and expected inflation. A yield at the long end of the gilt-edged market of

overnment, still e strong supporter of The corporate borrower must corporate bond market, ing. The arrival of new com-petition has probably only

Ideally, a British company would like to have available to it a much broader range of funding options. Some critics of the Government's strategy risk of issuing paper et a fixed rate of interest which will not be redeemed in this century is too great, they maintain.
Euro-sterling bond macaters for short issues,
perhaps four to seven years 10 to 15-year maturity range. Similarly, bonds issued et a

option value and consequently carrying a low coupon hd be attractive to, for nple, oil companies financing a specific development. The funding cost would be loaded towards the end of the bond's life, when the development project could be expected. to generate cash. Yet while the Inland Revenue has made are in the eyes of the market still not appealing enough to tempt a wide range of lenders.

rate debt in foreign currencies, shown a marked preference for issued bonds—each containing debt which carries security— an equity element—on the Training the old-fashioned debonts—on the Training an equity element—on the Training the old-fashioned debonts—on the Training an equity element—on the Training the old-fashioned debonts—on the Training and Trainin

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Equities market

CONTINUED FROM PREVIOUS PAGE

Exchange.

But even the killjoy tender method has not entirely damped down the speculative interest in newly issued shares. For example, shares in Micro Focus, e computer software company, were offered at a minimum tender price of 155p in May. Interest vas such that Micro Focus, advisors, Singer and Friedlander, were able to strike a price of 240p, valuing et around £40m a company that had only one year of profits

and development.

Partly for these reasons the Stock Exchange puts—in letters to Technology incident was warned of the risks in stark terms. Neverthe-less the strike in that the 5p shares stood as high as 230p when the receivership was anounced. The amount of published details about many USM companies is often negligible, giving investors little or no guidance.

This apparent disclaimer by the Stock Exchange certainly fuels the popular belief that the USM activity has not been on the USM but in some fully listed stocks. This stems from the

behind it.

Yet by the end of the first week's dealing the price had his struct and the share price is 635p, valning Micro Focus at over 100 times earnings.

Towards the end of special in the course of USM stocks have been volatile, with spectacular early true that some phenomenal rise of Polly Peck it over 100 times earnings.

Towards the end of special in the course of the init markets of September an American Depositary Receipt (ADR) facility was established in Micro Focus shares. American Duying of UK equities, through ADRs, particularly in Glaxo and ICI, has provided much of the force behind the performance of the industrial Ordinary share index. For the past two years Glaxo has been the best performing share in the Lindex, while U.S. investors are believed to hold as much as 20 per cent of Glaxo's equity through Morgan Guaranty's ADR facility.

Revitalised

almost 200 companies strong hardly e week goes by without at least one new entrant making at least one new entrant making its USM debut and thus joining the ranks of publicity quoted companies. This contrasts remarkably with the late 1970s, when the supply of new companies coming to London's capital markets dried up almost

Many of the current wave of new companies have been coming to the USM because the enthusiasm of the bull market ensures that vendors will get an easy acceptance from the invest-ing community and hence a good price for the shares they sell. Many of these businesses, however, would never have come to the City but for the relaxation of Stock Exchange requirements that the USM embodies. Only 10 per cent of the equity needs to be in public hands and this has undoubtedly attracted entrepreneurial types. In addition, a USM applicant needs only a three-year trading record rather than five years in the case of fully listed stocks, so younger companies are able to tap the

It is certainly true that some

movement has occurred led the Stock Exchange in May to issue a warning letter to member firms. This letter invisted that fams placing USM shares should stop placing firem with colleagues or family, thus stamping out an incessions and profitable practice.

However, despite the fears based on the inespecience of new USM companies, the number of USM husinesses that have actually collapsed can easily be counted on the fingers of one hand.

of one hand. In July 1982 Hesketh Motor-

Stock City for funds for expansion both prospectuses the would be

In fact the most speculative activity has not been on the USM but in some fully listed stocks. This stems from the phenomenal rise of Polly Peck from a negative stock.

explicably high, except perhaps to the most nerveless or self-deluding speculator. In the wake of the mystique

surrounding such third-line stocks, tip sheets have burgeoned, many of them specialising in so called "penny stocks." The growth of investor fascination for such decadent market terrains. cycles went into receivership tion for such decadent market but since then the only casualty terrain is, according to one has been to Technology in April theory, a sure sign that the this year. Io, dike Resketh, was bull market in equities is in a greenfield venture, and in very mature phase.

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CORPORATE FINANCE III

Mainstay of industrial borrowing

Clearing banks MICHAEL BLANDEN

THE RELIANCE of British industry on bank finance, and specifically on borrowing from the clearing banks, has increased substantially in recent years. Traditionally, the banks have been an important source of outside finance for the corporate sector, providing short-term overdraft lending to support working capital requirements and, to some extent, effectively offering long-term funds by rolling over "hard-core" over-drafts. With the growing pressures on companies since the early 1970s, however, they have been forced to turn more and more to the bankers.

Two factors have contributed to the problem. On one side, there has been a continuing trend towards reduced profitability in industry, lowering its ability to generate internal funds to support investment and expansion and forcing companies to turn increasingly to external sources. On the other, after the early 1970s the corporate debenture market, which previously had represented an institutions late in 1970 the important source of long-term London clearing banks pointed and the source of long-term loans then represented a service term loans to the will be the service term loans then represented a service to the will be the service term loans the service term loans the service term loans the service term loans to the will be the service term loans t important source of long-term funding, was for a long time killed off by the high in crest rates which have reflected high levels of inflation.

In consequence, as Mr Kit Mc-Mahon, deputy governor of the Bank of England, noted in a lecture late last year, there has been "a dramatic increase in represents a consolidation of companies" dependence on what had previously been de banks, Between 1967 and 1973 the percentage of bank borrow-tended by the banks in the ings in companies total new out-form of hard-core overdrafts; side finance cose from 30 per but it also reflects the extent cent to 70 per cent; between to which the banks have been 1973 and 1982 it rose further required to replace previously from 70 per cent to 80 per available forms of finance such as debentures.

The pressure of demand from industry has been one factor has been the growth of other which has helped to bring about forms of finance offered by the a significant change in the approach of the clearing banks to chase activities and particularly their corporate customers. A leasing. The volume of leasing second important influence has been the growing competition banks has grown considerably for business from the large community of forkign banks operating in London.

It is attractive for the banks

this is likely to be to corporate allowances. customers. Furthermore, the involvement of the foreign has been controversial. While banks was substantially in the Government as recognised Furthermore, the

than doubled in size since their to £13bn—with foreign banks playing a particularly active part. The growth of this market in the end prompted the Bank of England earlier this year to ask some 20 foreign banks to restrict their activities in this area.

The foreign banks, and par-ticularly the Americans, bave brought to the British market their own approach to selling their services, more aggressive and less reliant on traditional banking relationships than the UK clearing banks were accus-tomed to. But the domestic banks bave responded to this

cents of industry to a degree in fact much of the benefit of which, it can now be argued, has put them if anything ahead has put them if anything ahead on to the customer in the form of the foreign competition in of reduced charges; their arguproviding services to industry. ments received some support

The clearing banks have, as has been widely publicised, played an important part during the recent years of recession in supporting hard-pressed com-pany customers, adopting a reasonably tolerant approach to those which have found themsolves which have found them-selves strapped for cash and nursing many in "intensive care" units; this aspect of their activities is covered in a separate article in this survey. They have also, however, con-siderably developed the ser-vices provided for corporate clients.

Term lending

One important development over a period of years has been the increase in the amount of lending carried out by the clear-ing banks not on overdraft, technically withdrawable on de-mand, but on a longer-term basis. Term lending, usually for up to seven years but sometimes for ten years or more, has represented a growing proportion of bank lending.

debts.

Total provisions among the big four in 1982 were £982m, a rise of £580m compared with the previous year. And in his budget statement this year Sir Geoffrey Howe, then Chancellor of the Exchequer, said that having considered the issue of bank taxation be had concluded that "It would not this year be out that term loans then repre sented 40 per cent of total lending to UK residents (ex-cluding personal borrowers): the figure would have been 47 per cent if export finance was included.

A second important change

Bill eligibility

Together, the foreign banks account for upwards of 15 per cent of lending in sterling in the UK and for 65 per cent of able profit capacity, are unable currency advances; the bulk of to take full advantage of the

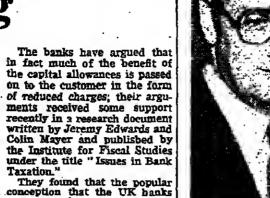
The development of leasing has been controversial. While banks was substantially increased as a result of the change in the Bank of England's rules governing the eligibility of bank bills for rediscount (which enables them to command the finest rates in the market).

The list of eligible banks was greatly increased in August allowances which were originally increased in August rather than the financial sector. Coupled with the argument that the banks have made excessive profits as a result of the high interest rates which lave ruled in recent years, this lad the argument that the banks have made excessive profits as a result of the high interest rates which lave ruled in recent years, this

excessive profits as a result of native sources of finance for the high interest rates which companies, including parti-bave ruled in recent years, this cularly the debenture market, led to the special levy imposed on the banks in 1981-82 which took £315m from the big four

1978

1982



earn excessive profits and pay

proportionately little tax was not supported by their analysis;

rather, they argued, a compre-hensive reform of Britain's pre-

sent illogically structured cor-poration tax system was needed

In any case, the issue of bank profits has become somewhat less acute as their business has

come under pressure as a result of the problems both in domes-

tic and in international lending.

The question has been not whether their profits are too large but whether they have made enough provision for had

"It would not this year be sensible to tighten the tax regime for banks." The threat remains, however.

Perbaps the most significant development in British bank-ing, however, bas been that in

response to competitive pres-sures and the requirements of

industry the clearing banks have greatly extended the range of the advisory and other services they offer to industry.

Specialist advice . Centralised divisions have been set up to handle corporate

finance services, specialists have been brought in to deal with specific industries such as energy, mining and shipping, and the clearing banks bave made some inroads into the advisory services traditionally efford by the merchant banks.

offered by the merchant banks.
One significant development,
for example, has been in the
area of cash management. Here

the U.S. banks led the way, pro-

viding services which enabled corporate customers to maxi-

mise the use of their resources at a time of high interest

The UK clearing banks have begun to move into this field (somewhat reluctantly, since the result of cash management

systems is to reduce the volume of money left floating around

the banking system) with systems geared specifically to

the requirements of British

In a number of ways, there-fore, the UK clearing banks have become considerably more

sophisticated in their approach to corporate business. But they,

along with the Bank of England, would certainly welcome a sustained renewal of alter-

to meet the borrowing needs of companies as and when

economic recovery gets under

NatWest

0.37

0.99 1.47 1.86

way.

Midland

0.31 0.44 0.57 0.80 0.91

EQUIPMENT LEASED TO CUSTOMERS

(fbn)

0.32

1.01

Source: The London Clearers, Wood Mackenzie and Co.

Mr Roy Dantzic-keen on

PROFILE: ROY DANTZIC

Guiding hand at **Britoil**

AS A former corporate finance executive himself-at merchant bankers Samual Montagu-Roy Dantzic has explored the sub-ject from both sides of the fence. Since 1980 he has been finance director of Britoil (or its predecessor BNOC), joining his former Montagu boss Philip Shelbourne who is chairman of Britoil.

The two merchant bankers' corporate finance skills were vital in the long and exhausting process of preparing Britoil for privatisation and nursing it through a highly troubled flotation and difficult first few months in the stock market Since then, however, the revival in the oil sector has allowed Britoil to sail through into much

calmer waters.

From an issue price of 215p a share last November the quotation tumbled to a low of 157p but has since bounced up to surpass the issue level. "We have quietly tried to persuade people about the merits of the company, separating out all the problems of the first few months," says Mr

A low key approach paid off, be considers, adding that in the highly skilled business of dealing with stock market trans-actions, merchant banking advice is essential. "There are few companies which have enough need themselves to keep abreast of changing mar-ket attitudes and regulatory practices."

Roy Dantzic also believes that financial public relations is a very important area. He set up an investor relations unit in Britoil, and the company's activities in this area have included two visits by analysts and investors to the Thistle Field.

Two-way function

He sees investor relations as a two-way function, also allow-ing dissemination within the company of the perceptions of outsiders about it. If you have the long-term interests of your sbarebolders at beart you should have regard to those

feelings," be says,
On the banking side Mr
Dantzic, has also been busy.
Akhough the company has
aways been prominent in the foreign exchange market there was a need to expand relationships with the banking community, because until last year munity, because until last year all BNOC's cash flow was paid directly into the National Oil Account. Since then, a strengthened treasury department has developed relationships with well over a hundred banks and licensed deposit takers.

In addition, having inherited BNOC's \$400m floating rate interest facility, Britoil has in the past few weeks successfully tapped the Eurodollar bond market, introducing longer maturity debt at a fixed rate to its loan portfolio. It is also entering the U.S. commercial

takers.

paper market.
Britoil has also had to think carefully about its currency strategy because it is a com-pany which reports in sterling but which receives dollar revenues. One question is therefore whether it should seek to protect its cash flow or profit and loss account from currency fluctuations; current strategy is to protect the former.

When it comes to specialist oil financing he considers that American banks are still streets ahead of most of their UK counterparts—though there are two or three exceptions among the British banks. He finds that U.S. banks'

knowledge and experience is impressive, for example in project finance, drawing on their long relationships with the U.S. oil industry.

Britoll is still a very young company (though very big for a comparative baby) but Roy Dantzic aims to develop lasting links with the financial markets. "I'm a great believer in relationships," be says. "That is basically what the financial community works on."
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CORPORATE FINANCE IV

Rapidly growing breed of money specialists

Corporate treasurers

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CHENT FOR THE

WINNE W

Association of Corporate Treasurers has grown from nothing to a current member-ship of some 800 - impressive evidence of the rapid creation of a new professional speciality.

The corporate treasury func-tion really came to the fore in tion really came to the fore in the late 1970s, a period of great instability in interest rates and exchange rates. The need for an internal specialist to cope with the challenges of the bank-ing system became accepted by most large companies and many

UK was recently published by the Association, thanks to spon-sorship by County Bank. The sorship by County Bank. The aim was to investigate treasmy management in the top 1,000 UK companies, but in the end the field was narrowed down to 113 respondent companies, all of which were represented among the ACT membership. Just over half the sample had senarate treasury departments. separate treasury departments. Typically, the treasury function

financial resources. Some 90 per cent of treasury departments had been created no standard view of exactly since 1970, more than half of them since 1975. The peak year for forming them was 1977—suggesting a clear link with the highly volatile financial conditions of the period.

The study lists four core areas—banking, the investment of surplus cash, borrowing and separate profit centre.

currency management—as the central ectivities of the treasurer. There are also a number of closely associated activities such as leasing, project finance and export finance.

The treasurers can make a contribution in a number of other areas, even if more on a policy basis than in terms of day-to-day handling. These in-clude country risk analysis, tax-ation, pension funds and insur-

The typical treasury depart-More recently the financial markets have become more sedate but at the same time more complex and international. New markets like the London that the investment of surplus cash and an arrest time in the investment of surplus cash and a market life. are providing ever greater and the management of surplus cash and the management cash and the m

Examining body

The treasurer himself is much more likely to have an account-ancy qualification than a university degree or a banking qualification. It appears that when treasury departments have been set up companies have chosen accounting personnel, though this may be less arue in future when there are greater numbers of "career" greasurer with banking experience. Even had been created by hiving off with banking experience. Evensome of the responsibilities of mally, there may be applicants
the finance director, who had
found it difficult to cope with
the responsibilities for both the ACT, which is to become
accounting and reporting, and an examining body.

many companies, there is still . no standard view of exactly what objectives the corporate treasurer should be pursuing. In particular, there is a debate over whether the treasurer should content himself with reducing costs or whether the treasury should actually be set up as a constant profit courier.

At a fairly basic level the treasurer is seeking to obtain the most favourable rates in a particular market. In the London money market, for instance, distortions are often introduced by official intervention, which can make it worthwhile for companies to switch between base rate-linked and money market rate-linked lines of credit.

There are also straight-forward advantages in dealing in large sums because rates are finer—an argument for having a central corporate treasury rather than separate financial dealings by various divisions or subsidiaries of a single group.

Moreover there are good arguments for the availability of a pool of in-house expertise, so that propositions made by various financial intermediaries can be professionally assessed.

Very quickly, however, the treasurer becomes drawn into the analysis of risks—notably those attaching to movements of interest rates and exchange rates. Should he borrow short or long? Should he go short on a currency which he expects to be weak? At what point does he cease to be a prudent manager and start to be a speculator — does that matter

speculator — does that matter anyway?

In practice companies have different approaches. The ACT's survey showed, for example, that the respondent companies took three broad approaches to the management of foreign exchange risks. A third of the companies gave the treasurer

Although the treasury function is now fully established in another third imposed defined many companies, there is still limits. The third group demanded strict control procedemanded strict control proce-dures, either through a com-mittee arrangement or by supervision by a superior (usually the finance director, or another board member).

There is a common impression that corporate treasurers are destabilising forces in the world's financial markets, switching huge sums around from currency to currency—
if only on 2 leads and lags
basis—and posing hig problems
for central banks.

Hedge positions

Yet the average treasurer himself will see it quite differently. He is normally concerned to minimise ex-posures — to hedge positions rather than to open them. But ahead of, say, a threatened week-end realignment in the EMS perceptions of risk can sometimes be greatly changed. Now the development of the futures market in London, where LIFFE has just cele-brated its first anniversary, provides corporate treasurers with new opportunities. Yet it appears that so far treasurers have not been very ective, no doubt partly because futures are complex instruments to use and the educational process is bound to be relatively slow.

Now, however, several banks are in the process of introduc-ing loan products which in-corporate the use of futures and this can be expected to become a much more familier area with the passing of time. Certainly it is in the area certainly it is in the area of interest rate futures that the main scope eppears to lie. LIFFE's currency futures, on the other hand, have proved to be no match for the wellestablished and highly liquid market in forward currencies provided by the banks.

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Merchant banks BAY MAUGHAN

THESE HAVE been happy months for the corporate finance teams of London's merchant banks. Spurred by a strong buil market phase, clients have been

run on comfortably into next year and beyond. Ask almost any corporate financier and be will tell you that he has a decent-sized new issue for late autumn or perhaps early next year with a couple of unlisted securities coming to the junior market in between.

market in between.

The unlisted securities market is plainly coming of age. The top drawer merchant banks are becoming just as involved in sponsoring these issues as the smaller broking firms. If there is one thing that marks out the 1980s in banking terms it is the desire to get out and find the desire to get out and find the

seed companies early.
In corporate finance, however, as in most things, it is visi-bility which counts. The blockbuster deals catch the City's imagination; a glamorous new issue takes the eye and the merchant banks are aware that, however assiduously the back room teams service the routine.

Well chronicled

The success of S. G. Warburg in defending clients from unwanted affers has been well chronicled this year, as has Morgan Grenfell's expertise in prising out bid acceptances for clients. The pair have looked horns on more than one memorable occasion so far this year, not least in the struggle for control of Thomas Tilling the faltering conglomerate finally swellowed by the "silverenter" success story, BTR. Sotheby Parke Benet is another case in polnt—and a neat illustration in changing political circumstances of how best to direct one's lobbying.

The sheer weight of the BTR offer at the systremy interest of what might be described as "crowding out" could be quite at the systremy interest.

offer or the extraordinary shifts awesome, in the Sotheby's saga should not obscure the machinetions that went on when UDS Group was under slege. Advised by Hill Samuel, this drapery group was pursued initially by Bassishaw Investments, handled by N. M. Rothschild and Barclays Mericant Bank, briefly went to Charterhouse Japhet for advice when the boardroom wranglings become too actimonious and was finally wooed and wed by Hanson Trust, handled by offer or the extraordinary shifts .awesome.

Schroder Wagg. In the back-ground, of course, nartuning disposal hopes was Burton Group, advised by Warburgs. Moreover, if Trafalgar House

Healthy level of client billings

had been given permission by the Office of Fair Trading to take a full tilt at Peninsular & Oriental Steam Navigation, the City's batile honoun this year would have been joined by sither Schnoder Wagg for a heroic defence or by Kleinwor

easily persuaded to rebuild their balance sheets through rights issues, to cican up their profile by perspheral disposals and to use attractively priced paper to take out competitors or to take on a stream of income from a new activity.

All of which adds up to a bealthy level of cilent billings which, on the feec of ft, could run on comfortably into next year and beyond. Ask almost year and beyond. Ask almost of fraser potboiler, and that generated new issue for late finance this year.

finance this year, Lucrative though these deals have undoubtedly been (at least for those coming out on the right side), the numbers are going to look pality when the sums raised, and commissions earned, are totted np next year and thereafter as the Govern-ment's disposal programme gets properly under way.

Some parts of the Govern-ment's ambitious privatisation campaign look manifestly easier to accomplish than others. The sale of the more profitable parts of BL will not, in the strictest sense, come under this heading sense, come under this heading since BL is still (just) publicly listed. Unless the idea of buy-ing a successful, independent and free-standing distributor of vehicle components suddenly palls in investors minds, Hill room teams service the routine palls in investors' minds, Hill needs of their customers, it is Sanguel should get the Unipart to persuade the undecided industrialist to bring his business to the parolurs of this bank or that.

palls in investors' minds, Hill Sanguel should get the Unipart issue away successfully some time in the 1984-85 financial year. Similarly, the bank should obtain a decent price for Jaguar when BL's fast recovering between the sanguel should get the Unipart time in the 1984-85 financial year.

one's lobbying. what might be described as
The sheer weight of the BTR "crowding out" could be quite

Merchant bank activities in corporate finance

FLOTATIONS						
	1	582	1981			
J. Henry Schroder Wagg	No 17	Value (£m) 1,239.9	No 8	Value (£m) 594.5		
Morgan Grenfell .	15	886.6	,12	245.6		
S. G. Warburg	6	796.7	8	1,609.5		
N. M. Rothschild -	. 3	635	1	20		
Kleinwort, Benson	3	564.34	. 5	416.41		
Lazard Brothers	3	322	2	102.6		
Hill Samuel	3.	229	1	150		
Samuel Montagu	:5	200.9	. 3	22.4		
Hambros Bank	3	67.9		-		
Robert Fleming*	2	31.4	2	4.6		
† Includes duplication wi in the sume issue—notabl * Excludes placings	y in t	ere than one be case of Bri	bank w			

RIGHTS ISSUES							
	1982		1981				
	No	Value		Value			
S. G. Warburg	6	(£m) 297.7	No 7	(£m) 255.7			
Morgan Grenfell	7	114.7	8	766.8			
Kleinwort, Berison	3	87.96	13	121.83			
County Bank	4	85.5	5	12,49			
Hill Samuel	3	75	9	114			
Lazard Brothers	3	67.5	4	965.2			
Brown and Shipley	4	34.9	2	6.2			
Samuel Montagu	4	24.0	9	117.4			
Robert Fleming	3	. 23.0	6	48.0			
Hambros Bank	3		3	81.75			

TAKEOVERS AND MERGERS MANAGED

	. ;	1982 Value	1981		
S. G. Warburg	No 19	(fm) 1,188	. No	Value (£m) 1,122	
Morgan Grenfell	36	1,121.9	31	1,073.9	
	15	798	17	583	
Hill Samuel	17	690	10	148	
Kleinwort, Benson	25	477.24	28	407.18	
Baring Brothers	7	474.5	8	932.56	
Samuel Montagu	30	438	21	727.6	
County Bank	24	400.81	19	98.1	
Charterhouse Japhet	. 8	400.3	11	31.9	
J. Henry Schroder Wagg	11	397.7	13	1.270.3	
Research by Jan Schling			_=	10.0	

subscribe for as much as half the issue. Putting aside the political ramifications of off-shore investment in a "national asset," particularly if the offer is a "national asset," particularly in the offer is a "national asset," parti

Small wonder that Kleinwort
Benson, acting for the Government, and Warburgs, edvising
for the company, have tested the
possible response from investors in Japan (the reaction
was decidedly luke-warm by all
accounts) and are starting to
canvass support on Wall Street.

It is now being suggested that
U.S. investors will be asked to
subscribe for as much as helf Kleinwort Benson has rightly

mance with a We can meet your needs efficiently, competitively and speedily.

Lazard Brothers & Co., Limited London

Lazard Frères & Co., New York

Lazard Frères et Cie Paris

And the second s

Corporate Finance

مِلَذَا مِنْ لِعُصِلُ

Improved care for ailing companies

DAVID DODWELL

the crisis in the UK corporate sector is over or not, there are still a great many patients laid up in the clearing banks "in-tensive care units."

While there are few signs that the number of companies being pot into care is falling, there is growing evidence that banks are getting better at nursing them back to bealth.

In place of ad boc procedures adopted in haste, the clearing banks now have large—if self-effacing—departments which do nothing other than tend to the needs of ailing client companies. Burclays and Midland Bank have specifically defined "inten-sive care units." While Natwest sive care units." While Natwest and Lloyds eschew the label they too bave specialised corps of staff working from central headquarters on problem com-

Learning bow these departments work and how they col-laborate with the Bank of England, company creditors and England, company creditors and the merchant banks which act as financial advisers to their intensive care patients is complicated by the hushed tones in which corporate rescues are discussed. Secrecy is seen as a primary ingredient in a formula for a company's survival.

Never eroded

One senior clearing banker confided: "Once people discover that a company is in intensive care there is always someone who wants to shut off

the oxygen supply.
"At the end of the day, the best industrial rescues are those that no one knows about. Then confidence in the company is

While hankers will concede that there are more companies in intensive care today than there were five or ten years ago, all attempts to persuade them to define the situation more specifically are politely diverted.

One banker, franker than will set out to formulate a where some of these are foreign intensive care units have

Rescue schemes most, admitted: "We always have a portfolio of clients who while the banks themselves where some of these are foreign intensive care units have banks. The practice—now well through experience refined their banks. The practice—now well through experience refined their banks themselves established—of nominating a early warning aensors. Many are in trouble. Why else would we have provisious for bad

And if you also note that WHETHER or not the worst of a bank's portfolio is a barometer of the state of UK Ltd then we have more problem companies now than we had in the

> He went on to point out, bowever, that improved procedures for early detection of problems and for co-ordination of a rescue had enabled bad debt provisions to be cut to half of their level in the mid-1970s in real terms. Because each clearing bank claims a distinctive approach to corporate rescues, it is difficult to define the characteristics of a company in need of intensive

Certain hasic halimarks are universal, however. The com-pany will be making losses, pany will be making losses, have cash flow problems and be facing difficulties in repaying debts. High debt levels will often coincide with declining sales, overcapacity, rising stock levels and fixed costs that

levels and fixed costs that cannot easily be reduced.

They will be more vulnerabla if they are single product companies. Often they are victims of rapid technological change or shifts in international terms of

It may be a creditor or the company itself that triggers the alarm but once that happens a sequence of intensive care operations is swiftly introduced. Meetings between the company—normally advised and represented by its merchant bankers—and main creditors will usually be followed by the appointment of investigating accountants. It may be a creditor or the accountants.

accountants.

This period, during which the accountants aim to establish whether the company is fundamentally viable, is usually the most precarious. Creditors keenly tempted to call in their loans will be asked to back an interim loan package to buy the time needed to allow the auditors to complete their work.

If the conclusion is that prob-If the conclusion is that prob-lems are essentially temporary,

have the expertise needed to settle the refinancing aspects of a rescue, it will more often than not be the merchaot bank which will draw up details of corporate reorganisation with the

ailing company. These could involve boardroom changes, the sala of subsidiary operations, factory closures and redundan-A merchant bank'a capacity to plan such change obviously depends on the closeness of its depends on the closeness of its relationship with the client com-pany over a period of time. There have been instances, however, when a merchant bank is thought to be so close that part of the survival plan can include a call for its own resignation.

Mixed feelings

Many reputable merchant bankers talk with mixed feel-ings about involvement in corings about involvement in corporate rescues. The work involved in trying to keep a company afloat can be extensive—
but if et the end of the day
creditors call in their funds,
then the likelihood of being paid
for that work is small. It can be
a time during which the
strength of their commitment to
a client is severely tested. client is severely tested.

a client is severely tested.

The greatest problems on agreeing a survival package unquestionably arise where e company has a large number of bank creditors — and particularly

lead bank to act as a kind of honest broker attending to the diverse interests of different creditors is an essential first step to finding a path through this maze of conflicting interests. In such situations the Bank

CORPORATE FINANCE V

of England often plays a discreet but significant part in dissuading banks from taking overhasty action. Some of the severest problems have arisen when banks, or a company's financial advisers, have been unaware of—or

unable to act on—crises until too late a stage. Here, company executives have sometimes been their own worst enemies. Blaming problems on recession, they ignore or gloss over more fundamental weaknesses as they seek new loans to "tide them

However, continuing deep recession, coupled with a sharp decline in the competition between foreign banks to consolidate a footbold in the UK through loans to industry, has forced many belatedly to reveal to creditors the extent of difficulties.

culties.

"Directors are often the last peopla to accept there is a problem," one banker complained.
"Pride can stop them from admitting anything is wrong. They will fight hard to keep creditors apart and play one off against another."

By now, such evasion has

By now, such evasion has become much rarer. The banks'

clients to developing problems.
One leading merchant banker

even claimed that his periodical look at a client's books often made him better able to see problems than a finance director. "It's like an uncle visiting nieces or nephews once or twice a year. You notice much more clearly than the parents how they have grown or changed because for the parents the change is too gradual to be visible."

For the clearing banks, and for merchant banks, the direct involvement in crisis-ridden industry over the past five years of recession has taken them into uncharted territory where new conflicts of interest are emerg-

Efforts by elearers to maintain a conventional arm's length relationship with clients as a rescue is implemented have been bard to maintain. They have been drawn closer to the traditional domain of merchant bankers, and more radical still, closer to being "risk takers" in their own right.

their own right. One banker, spearheading his own clearing bank's intensive care operations, was typical when he expressed a mixed wariness and fascination over the changes that are taking place: "Only in five years will we know whether we are right to be taking this course."

PROFILE: ANTONY HICHENS

Treasurer to Gold Fields empire

CORPORATE finance tends to be an active area at Consolidated Gold Fields. The group has raised substantial capital over the years through rights issues and has been busy on the acquisition and (more recently) disposal fronts.

Moreover, Gold Fields itself came under threat from a potential bidder when several years ago De Beers launched an undercover share buying operation culminating in a "dawn raid." That South African bolding has stabilised at 28.9 per cent but it must remain a key element in Gold Fields' strategic planning.

Antony Hichens, Gold Fields' finance director, likes to build long-term relationships with his financial advisers, "You get very comfortable with people after a time," he says, "and if they perform it helps enormously the control of the co if you get to know them over a long period."

Ho would distrust arrangements which encouraged advisers to try and make money by putting up short-term propositions. It is better that their rewards should come from "getting it right over the long term."

Nevertheless there has been a significant change in Gold Fields' London merchant Warburg has been appointed, in addition to the group's loog-standing

But Mr Hichens insists that this does not imply any dissatisfaction with Schroder's performance. "Merchant performance. strengths," he suggests. "It is essential to have two sources of advice for a group of Gold Fields' size."

The same pattern is repeated in New York, where Mr Hichens believes that "you must have local advice." Thus Gold Fields deals with two investment banks, First Boston and Goldman Sachs, with both of which, again, it intends to maintain long-term

Another totally confidential long-term relationship is enjoyed with the groop's London stockbrokers Caze-nove, the source of advice on anything to do with the work-ings of the market and, in particular, movements of the

share price.

The brokers are not paid fees by Gold Fields, except through occasional large sums when issues are launched. Antony Hichens admits that "it's an odd way of paying" but it is the traditional way.

While Consolidated Gold



Mr Antony Hichens-like to huild loog-term relationships

Fields is very moch of an international business, its shareholders (apart from de Beers) remain predominantly British, although there are some American Depositary Receipts traded over the counter in New York.

About a decade ago thecompany was actively considering a full New York listing but found the Securities and Exchange Commission too infiexible to deal with, Now, however, Autony Hichens however. Autony Hichens detects the SEC to be "somewhat more receptive to the differences of foreign com-

If Gold Fields ever tried to reopen negotiations for a New York listing, Mr Hichens observes, the groop would do
it to seek "an extension of
the capital base from which
we could raise money in the

BARRY RILEY

Spotlight on overseas earnings

Taxation DAVID FREUD

THE Conservative administra-tion has stepped back from making fundamental changes to the UK system of corporation

making fundamental changes we the UK system of corporation tax. A Green Paper discussing possible changes was released early last year but the then Chaocellor said in the March budget, that "these should be no change in the broad structure of present arrangements." The Government's attentions heve therefore switched to the kind of piecemeal development that has been the tradition in tax policy. The area which is now the focus for adjustment concerns profits earned overseas. Complex legislation to tax profits booked in tax havens was introduced in the March budget, although the early announcement of the election means it has not yet been passed. The legislation was, bowever, to apply from the beginning of the next financial year, so the timetable for introduction has probably not changed.

changed.

The Inland Revenue has clearly pinpointed foreign earnings as a major area of what it considers abuse by multinationals. Over the past year or so it has produced details of several schemes which it finds undestrable. It looks, however, as if it will continue to deal with such schemes by one-off rather than blanket legislation. The original 1983 Finance Bill, for instance, dealt with tax avoldance schemes that manipulated companies residence for the benefit of the overall group.

Delaware link

set of interest payments associ-set of interest payments associ-sted with the acquisition. So far no specific legislation has been introduced to deal with this, however.

this, however.

The emphasis on curbing abuses of corporation tax looks a little like closing the stable door after the horse has bolted because as a revenue raiser, corporation tax has become increasingly disappointing. Excluding North Sea oil and gas, taxes on company revenue have fallen from around 13 per cent of total central povernment of total central government receipts in the late 1960s to about 5 per cent in the early

Even this comparison under-states the true decline, since Advance Corporation Tax, which in reality is a tax on individuals' income, has taken a greater pro-portion of corporation tax receipts. The shortfall in main-stream corporation tax has had to be taken up by increases in revenue sources based on turn-over, like National Insurance contributions and VAT.

over, like National Insurance contributions and VAT.

Real profits in the corporate sector have had a thin time over the past decade—undoubtedly a partial reason for the fall in corporate tax receipts. But high inflation rates have forced a series of ad hoc changes to the system which make it very inflexible. As a result the authorities find it difficult to collect taxes even when there are profits. Accordingly they have tended to resort to one-off imposts, with the oil industry e habitual target, while two years ago the clearing banks became victims as well.

Capital investment

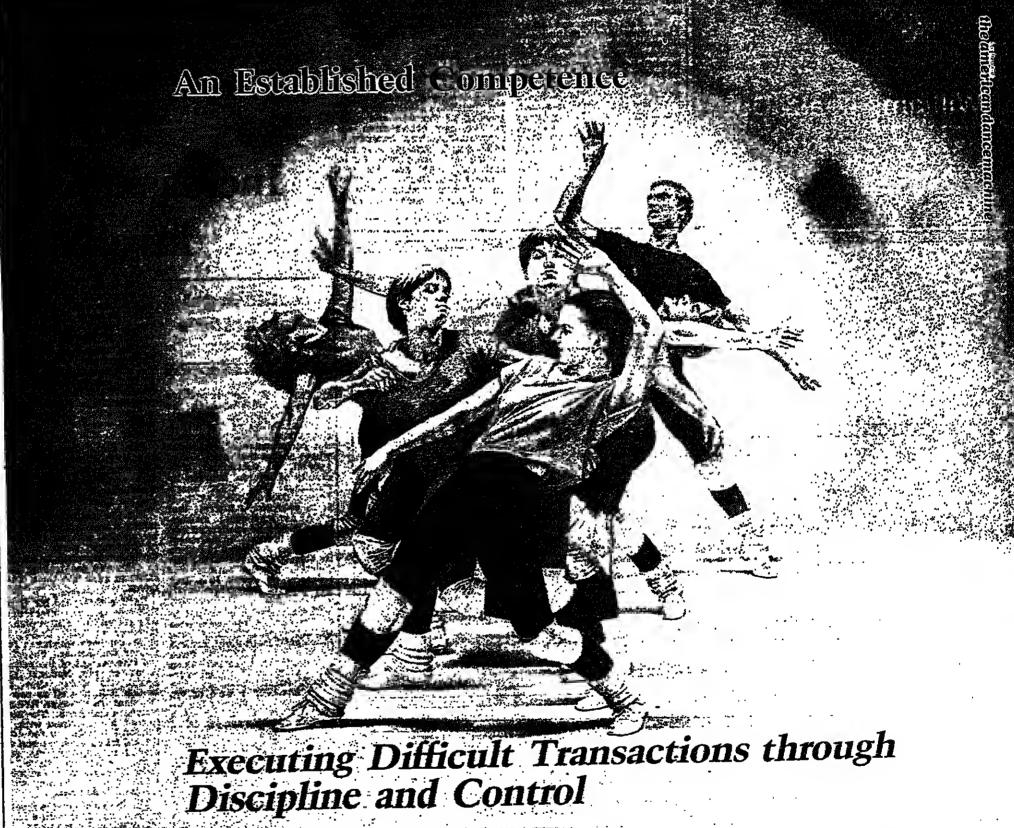
The two most important adjustments made in the light of the high levels of inflation have been capital allowances and stock relief. Notionally, capital allowances are intended as an incentive for capital investment.

investment.

In practice the availability of 100 per cent first year capital allowances has offered a rough and ready adjustment for inflation. When prices are rising historical cost depreciation is inadequate to finance the reblacement of assets.
Such allowances are useless

for tax-exhausted companies for tax-exhausted companies—
the current ovariang of tax
losses is probably £35bn and
rising at the rate of £5bn a
year—so a highly sophisticated
leasing industry has developed
in the last decade to transfer
unused allowances of concerns
each as hanks to heavy in-Another device the Revenue has attacked in the past is the "Delaware link," by which companies have used dual resident holding companies to make U.S. acquisitions and obtain double relief against tax for the single set of loterest payments associany substantial pickup in pro-fitability is unlikely to be matched by much of a gain in the tax take.

The other important adjuster The other important adjuster—stock relief—was changed two years ago so that it is now based on a single prico index. This means that it is no longer quite so open to abuse as the original "temporary" system, which was based on the valuation of the stocks of a company at the end of its financial year. Under the new system, however, a future surge in particular commodity prices will allow little relief so far as the tax demands of the companies most demands of the companies most the surge are affected by



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Willing help for the bright ideas

Venture capital TIM DICKSON

VENTURE CAPITAL activity in Britain — and even in parts of Continental Europe — can only be described as hectic. The feverish enthusiasm of the U.S. market, in which more

than 80 funds are currently estimated to be seeking new money bas well and truly crossed the Atlentic this year crossed the Atlentic this year and shows little sign of dying down. UK-based funds are appearing almost weekly — many spurred by the Government'a Business Expansion Scheme which gives tax relief to individuals investing in unquoted companies — and new "players" are entering the game at a similarly brisk pace.

The conortunities for anyone

The opportunities for anyone with a bright idea and prepared to part with equity bave seldom been greater. According to Ven-ture Economics, the UK arm of the U.S.-based Venture Capital journal, a total of 58 "indepenjournal, a total of 58 "independent" funds are now operating in the UK (including subsidiaries of the clearing banks but not ICFC). Since 1979 VE estimates that some £280m has been raised for venture investing, including more than £100m on the stock market.

More exciting

The reasons why venture capital has caught on in Europe ere by now well known. Small companies have become fashioneble, many of the more exciting technologies are being developed by new businesses, and financial institutions bave realised that traditional methods of portfolio management are not necessarily

Merchant banks and others have risen to the challenge in different ways. Conscious that successful young businesses are potential clients for their other

CIBA — GEIGY AG

through its subsidiary

CIBA — GEIGY PLC

bas acquired

Horticultural and Botanical (Holdings) Ltd

from

KemaNobel AB

We initiated this transaction, assisted in the negotiations

and acted as advisor to Ciba-Geigy

Merrill Lynch Capital Markets

CDC Life Sciences Inc.

a wholly owned subsidiary of Canada Development Corporation has sold one of its subsidiaries

A/S Dumex

(a Danish corporation)

A/S Apothekernes Laboratorium

for Special præparater
(a Norwegian corporation)

We acted as advisor to

CDC Life Sciences Inc. in this transaction.

Merrill Lynch Capital Markets

October 5 1983

September 29 1983

"portfolio" approach (ie, you win some, you lose some") but as a professional support operation for growing companies.

Marketing advice, the provision
of technical know-how and contacts in overseas markets are
just some of the contributions

which can be made.
In short, venture capitalists should be sufficiently experi-enced in running a business to roll their sleeves up and get closely involved with the run-

closely involved with the running of companies in which they have invested.

The accepting bouse Guinness Mahon took these points into account earlier this year when linking up with Venture Founders Corporation to found a new UK venture capital fund. Effectively, Guinness Mahon was acknowledging that its own staff do not have the skills socwas acknowledging that its own staff do not have the skills soc-cessfully to run a venture capital operation and that out-side specialists need to be called in to provide a satisfac-

tory service. Venture Founders, which bas more than 13 years' experience in the United States, was one of the first U.S. groups to come to Britain when it set up a team in 1979. The group claims to bave "anglicised" American venture capital techniques while investing in the two f2m funds which it has managed over the past four years. Lazard, on the other band,

prefers to carry on its venture capital activities "in house."
The bank recently set np its own fund under the Business Expansion Scheme and has successfully established two regional funds backed by local authority pension funds to invest in local businesses.

Hill Samuel has its Fountain
Development Capital Fund
(managed in bouse) while
Morgan Grenfell along with
Prudential Assurance and PA International Consulting Services in July this year formed an £8m limited partnership called Managed Technology Investors to back emerging companies in the UK technology sector.

potential clients for their other services and that some will one day be ripe for taking to the public markets, many banks have launched funds to attract more ettention. The question which has yet to be answered, however, is whether on their own they can become good venture capitalists.

The now conventional wisdom from the U.S. high priests of venture capital is that the art involves more than just putting money in and waiting to see if ecompany lives or dies. Venture Capital funds and Advent Technology are increas-

involved at the fringes.

The vast majority of funds are primarily interested in appli-cants with e "high tech" flavour, seeking £100.000 to £1m and aiming to go public within five

A significant new pool of money for investment—well over £25 to date—has been provided by the funds constituted under the Business Expansion Scheme. Charterhouse Development, S. G. Warburg, Minster Trust end Guinness Mahon are among those which have among those which have recently launched new schemes.

Many commentators feel that Many commentators feel that the tax relief available to investors is bound to filter through to companies in the form of better terms. They also believe that this could put institutionally-backed funds, which do not get tax relief, and long-standing operators in this field like ICFC, at a disadvantage.

In view of the ferree companies.

In view of the fierce competition for new deals and the entry into the market of inexperienced venture capitalists. observers such as Geoff Taylor of Investors in Industry, Ventures Division (formerly TDC) expect a shake-out in the next few years as some investments

In particular, the claims of many fund managers to be edopting what the Americans

Mr Brian Stillwell (right), managing director of N.F.I. Electronics, Newport, IOW, and his brother and fellow director Mr Barrie Stillwell. The company recently received:a £300,000 equity injection from Hill Samuel's Fountain Development Capital Fund.

some scepticism. Critics point people like the Californian venout that simply providing e man on the board and access to the management company's con-sultancy services is not nearly enough. A true venture capitalist must be capable, if necessary, of getting involved in the running of

John Ormerod of Accountants Arthur Andersen, for instance, reckons that many UK venture capital funds will not have re-sources to cope when "in a couple of years the emphasis switches to 'after care.'"

Right questions

"I can see a big rôle for accountants belping to sort things out, asking the right questions about a business, and acting as a sounding board for management company and investor," says Ormerod.

"Compared with the U.S. the

"Compared with the U.S. the UK is still at an early stage. Not only have venture capitalists there financed a large number of companies with high growth prospects, they can also point to a good number of resulting

The publicity which U.S. venture capital has received on both sides of the Atlantic has increasingly attracted the atten-

ture capital, the experts say, ingly active and banks and some call a "hands on" or "pro- tions like GT Management have should not be viewed as a insurance companies are active" approach are arousing for some time had links with ture capitalist Mr Jack Melchor. Abingworth, the UK company which went public this year, has successfully specialised in fast-growing U.S. companies and given its institutional inve a taste of the rewards since its formation in 1973.

Now, 10 years later, American venture capitalists are well eware of the undimmed enthusiasm in London, Earlier this year Hambrecht and Quist raised a significant amount of money in the UK for a new U.S. venture capital fund, though just how much the company refuses to say. Managers of Hambro International Venture Fund, which is run from New York, were in the UK recently to discuss progress with their UK investors and to lay the ground for e further fund-raising in Europe in the future.

The newly-created Paragon Partners, whose four general partners include three former vice-presidents of Citicorp Venture Capital, are planning to raise in London \$10m of their planned \$40m. Paragon Partners Fund is based in Menlo

Park, California.

Alan Patricof Associates of New York is laying ambitious plans to raise \$50m from European investors for a new U.S.

PROFILE:

MICHAEL GARNER

Mr Michael Garner - "The

Tough job at the TI Group

AS FINANCE DIRECTOR of TI Group Michael Garner has been at the sharp end of the corporate finance problems of British industry in the past few

years.

Although the group's origins in the steel tube industry are no longer recognised in its title

—Tube Investments being anonymously initialised—it has not been so easy to except the

anonymously initialised—it has not been so easy to escape the decline of the heartland of British industry. Several years of difficult trad-ing and rationalisation culminated in the sale at the end of 1982 of British Aluminium, once a jewel in TT's crown but latterly a heavy lossmaker. However, unlike e number of others TI has survived and today looks in reasonable shape although the recovery is patchy. In the circumstances Michael Garner's first priority has concerned his dealings with the big banks and he has few complaints "The banks have done all the right things by TI in the past three years," he says.

"We deliberately attached top priority to each comparation.

priority to cash conservation from mid-1979 onwards," he observes. "The banks have stood by us." But the banks have been watching the situation very carefully, "They have asked us all the appropriate questions," Evidently TI has been able to provide some satisfactory

One development through this difficult period has been a pro-ces of concentration, during which TI's top half-dozen or so banks have demonstrated their 1

angered by the size of Globe Investment Trust's involvement in the takeover of Oppenheimer and formed two "case" committees to study the implications of the deal.

Then the Post Office Staff Superammation Fund went on he attack again over the issue f Marks & Spencer and seven irectors entering into property ansactions with the size of Globe in the same of the deal.

The institutions, holding around 25 per cent of Rank's equity, had been seeking management changes in the wake of a fall in profits in 1982 and a dividend cut. Sir John Davies, the president of Rank, finally retired and Sir Patrick Meaney was later appointed to the group by actually increasing the facilities made available. This leaves II still largely dependent on bank finance but Mr Garner declares himself to be president on the group has not yet judged that the time has come when it would be right to call on shareholders for more equity through e rights issue.

Moreover, the bond market bas not looked attractive. "We don't have the eppetite for the kind of money which would make a bond issue sensible," says Mr Garner.

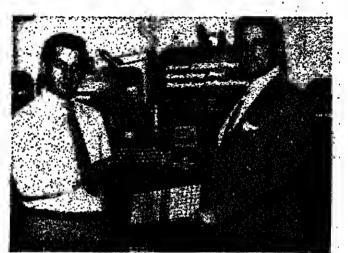
Through the past few troubled years TT's relationship with the stock market has not been easy. The group has faced tricky problems both in dividend policy and in reporting. It was vital, for example, to remove British Aluminium from the accounts before the December year-end to avoid December year-end to avoid serious damage to the balance-

sheet.
This and other closure and rationalisation moves have brought TI face to face with the fine judgments associated with SSAP 6, the accounting standard which deals with extraordinary and exceptional items.

In theory exceptional losses should be charged before arriving at a pre-tax figure whereas extraordinary losses may be charged "below the line." But TI for a time abandaned the ettempt at making the oned the attempt at making the arcane distinction. "We thought it best to put it all below," says Mr Garner. He has also had problems

He has also had problems with the current cost accounting standard SSAP 16, which he has found irrelevent to the group's needs. "CCA is about preserving the substance of the business. But TI bas been shrinking the business in order brinking the business in order to raise the overall quality."
Dividend policy has arguably been much too generous for a number of years, in view of TTs cash ontdows and lack of relief for advance corporation

tax.
Mr Garner observes that
"institutional investors do
seem to require a fairly steady
dividend income." But he has detected 2 slightly more realistic attitude to dividends since ICI cut its payment two



Increasing degree of involvement

Institutional shareholders

JOHN MOORE

"THERE IS an impressive degree of unanimity in the evidence we have received about the desirability of the instituthe desirability of the institutions taking an active interest in
the performance of companies
whose shares they hold . . . in
general, a substantial community of interest between institutional and other sharebolders does doubtless exist. It
is in everybody's interest that
weak or inadequate management should be challenged and
that efficient management
should not be allowed to rest on
its laurels. In undertaking this
function the institutions will
normally be acting in a way
which is of advantage to all
shareholders."

These remarks, contained in the report of the committee which reviewed the functioning of financial institutions, chaired of financial institutions, chaired by Sir Harold Wilson, three years ago appear to have been taken seriously by the large in-vesting funds. The last three years has been a time of un-precedented activity by the in-stitutions in the affairs of a number of major companies.

Raised profiles

Slowly but surely institutional sharebolders have been
raising their profiles in their
involvement in companies'
affairs. While some funds would
still prefer to carry ont behind
closed doors their discussions
with the companies in which
they invest, others are now
prepared to air their differences
with companies quite publicly
through the forum of annual
general meetings in a way general meetings in a way which would have been unthink-able for most institutions a few

years ago.

The new-found confidence of the institutions has manifested itself in a number of ways in the past two years. At the beginning of 1982 the Post Office Staff Superannuation Fund, leading a group of institutions, challenged in the courts a record proposed compensation payont of £560,000 to Mr Jack Gill, former managing director of Associeted Communications Corporation. Other institutional sharebolders supported the Post Office and the pay-out was blocked. The row pay-out was blocked. The row was a severe blow to Asso-ciated's credibility.

Later that year the pension funds challenged the £40m involvement of Globe Invest-ment Trust in Mercantile House's £91m takeover of Oppen heimer Holdings, the broking group and U.S. fund were broking group and manager. The funds

the attack again over the issue of Marks & Spencer and seven directors entering into properly transactions with the company without shareholders' approval. M & S was forced to put the

matter to shareholders. The Post Office Staff Superannuation Fund et one stage was considering fighting a service agreement that Mr Bill Fieldhouse, chairman of Car-rington Viyella, had negotiated.

But the institutions are now taking e new tack. Rather than merely deal with the side issues of directors' perks they are becoming increasingly involved in deals and deal-making in an effort to stimulate their invest-

Earlier this year Mr Gerald
Ronson's Heron International
was helped in a £191m planned
takeover of UDS Group, the
stores company which ran John
Collier and Richard Shops, by
the involvement of the pension
funds of the National Coal
Board, the Post Office and
British Rail, as well as two investment trust groups, RIT and vestment trust groups, RIT and Northern and Ailsa. The funds formed a consortium with the Ronson interests. In the event the bid failed when Hanson succeeded in acquiring the com-pany. But the move un-doubtedly sparked the eventual takeover of a company which was performing badly.

was performing badly.

But the most notable involvement of institutions in a major corporate deal came when more than 30 funds including Prudential Assurance, the Norwich Union insurance group, Robert Fleming, the merchant bank, and the Merchant Navy Officers Pension Fund formed a company to mount a £310m takeover bid for F. W. Woolworth from its American parent in the biggest takeover in retailing history. That deal took place last year.

More recently, an old-style intervention by the institutions came when the Prudential

retired and Sir Patrick Meaney was later appointed chairman.

A more subtle example is the case committee set up by the National Association of Pension Funds set up some time ago to manifely the hattle for ago to monitor the battle for control over the affairs of House of Fraser by Lonrho.

In order not to be seen to be supporting one side or the other in the long-running and bitter battle the institutions, led by the National Coal Board pension fund, took their own indepen-dent advice on Lonrho's cam-paign to demerge Harrods from the Fraser stores group.

Too narrow

The more direct involvement in corporate matters and the affairs of companies by the institutions marks a sea—change. until now the institutions faced the charge that their pre-occupations with companies' affairs was too narrow in scope, concentrating on board changes which might be achieved with a quiet word behind closed doors.

gulet word behind closed doors.

Even so, some institutions are worried about the implications of acting as a cabal against companies in order to protect their interests, heeding perhaps the words of the Wilson committee. That said: "In no case should institutional or other shareholders seek to interfere in day-to-day management decisions and even on major policy issues they should be slow to substitute their own indement."

Moreover, some institutions

Moreover, some institutions are unhappy with the idea of taking a more detailed interest in bow to run businesses, preferring to deal with narrow financial or ethical issues which can be more vividly dealt with before other shareholders. That ettitude does seem to be changing and it is now more likely than ever that institutions will take more of a direct involveintervention by the institutions came when the Prudential Assurance, representing other institutions, sought board than ever that institutions will detected take more of a direct involve realistic a ment in corporate deals—such since ICI as takeovers—in an effort to years ago.



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